FOREIGN AFFAIRS

Michael Howard/George W. Ball *The Conduct of American Foreign Policy*—Robert G. Kaiser *U.S.-Soviet Relations* Seweryn Bialer *Poland*—J.C. Hurewitz *The Middle East*—André Fontaine *Transatlantic Doubts* Harold van B. Cleveland and Ramachandra Bhagavatula *The Continuing World Economic Crisis* Viron P. Vaky *The U.S. and Latin America*—Andrew Young *The U.S. and Africa*—Andrew Nagorski *East Asia* Daniel Yankelovich and Larry Kaagan *Assertive America* *Chronology 1980*

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AMERICA AND THE WORLD 1980

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EDITOR'S NOTE

Instant interpretive history is, as we have now rediscovered for the third time, a difficult and demanding task—certainly more of an art than the teachings of Professor Ranke might suggest. Once again we have encouraged our authors not only to describe what happened but to put events in the context of the past, to criticize policy actions (especially American ones), and to offer prescriptive advice for the future. That the mix among these elements differs from article to article is as it should be—and indeed must be if first-rate authors are to be enlisted in the enterprise.

But we hope that the result goes deeper than most of what appears in current publications, and that it will turn out to be solid enough to be useful to those who write the books in due course. It is meant for the lay reader, but with a special eye to students of all ages.

Most of the material is again organized on a regional basis. We have left out energy as a separate topic this year, and perhaps also scanted the North-South problem, but these two have at least been treated at length in other regular issues. Conversely, the changes in American public opinion seemed so striking and potentially significant as to call for detailed examination, for which we have turned (as two years ago) to men who look for tides rather than ripples, Messrs. Yankelovich and Kaagan.

And there is one added starter. The dramatic events in Poland belong in part to the story of East-West relations in the European context. But it could well turn out, when the histories are written, that they were the most important single development of the year. In our Winter issue, we had left out at the last minute an excellent manuscript that seemed to have been overtaken in part by new turns in the crisis. When Seweryn Bialer then came forward with the article included in this issue, we concluded not only that it could not wait but that it deserved, on every count, to be in the story of 1980 in full detail and with the best possible analysis of the implications.

The articles in FOREIGN AFFAIRS *do not represent any consensus of beliefs. We do not expect that readers of the review will sympathize with all the sentiments they find there, for some of our writers will flatly disagree with others; but we hold that while keeping clear of mere vagaries* FOREIGN AFFAIRS *can do more to inform American public opinion by a broad hospitality to divergent ideas than it can by identifying itself with one school. It does not accept responsibility for the views expressed in any articles, signed or unsigned, which appear in its pages. What it does accept is the responsibility for giving them a chance to appear there.* The Editors.

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Michael Howard

RETURN TO THE COLD WAR?

Seldom in recent history has the attention of the world been so closely focused on a single geographical region as it was in 1980. The region was known before the First World War as "the Middle East," to distinguish it from "the Near East," the Levantine countries whose shores were washed by the eastern Mediterranean. It had then loomed large on the maps of British statesmen concerned to protect their Indian dominions and communications in the "Great Game" they were playing against the encroaching power of the Russian Empire. Now that the term "Middle East" has been extended to cover the whole region lying between the Mediterranean, the Indian Ocean and the mountain tableland of Central Asia, a new name has been devised to cover these counties on which attention has been concentrated during the past 12 months—Southwest Asia: Pakistan, Afghanistan, Iran, Iraq, and the oil-bearing states bordering what now must tactfully be termed simply "the Gulf," all constituting a politically seismic zone of incalculable explosive potential.

Nobody doubted that the Iranian revolution of 1978–79 was a major historic event whose consequences would take many years to work themselves out. It did not yet signify a major transformation in the global balance between the Soviet Union and the United States. Rather, in its fundamentalist rejection both of Marxism and of "Western values," in its search for indigenous roots within an Islamic culture equally hostile to both, it revealed how superficial, almost trivial, had been the analysis of both Western and Soviet statesmen who had attempted to force so complex a society into their own simplistic and intellectually impoverished frameworks. The Iranians were rejecting the entire international system of which they saw themselves, with some reason, to have been the victims for a century and a half; a system that had enabled British, Russians and, latterly, Americans to manipulate Iranian politics and the Iranian economy as, in their superior Western wisdom, they thought fit. The unfortunate

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American diplomatic mission, seized in November 1979 and held captive throughout 1980, was the object of a populist rage that needed scapegoats—a rage beyond the power of law, reason or statesmanship to control.

It would probably be misleading to trace any direct connection between the Iranian revolution and the turmoil of Afghanistan that led to the Soviet invasion of December 1979, but there were evident common factors. Like the Shah of Iran, Deputy Prime Minister Hafizullah Amin in Afghanistan was unpopular both because of the ferocity with which he suppressed opposition and because his reliance on foreign support eroded his legitimacy. Like the Shah, Amin ignored the advice of his cautious patrons and precipitated a situation which neither he nor they could control; and like the Shah he was faced by a wave of Islamic fundamentalist protest. Whatever support the United States had given the Shah and his regime, however, in the last resort it recognized the right of the Iranian people to determine their own destinies. The Soviet Union, on the other hand, intervened first to support, then to replace, their client. Whether they were wise to do so it is yet too soon to say, but politically they have had to pay a very heavy price indeed.

Finally, in an almost classic ploy of power politics, Iran's neighbor and principal local rival, Iraq, seized the opportunity presented by the weakness of its traditional adversary to press for readjustments of its disputed frontier, and when these were not granted to try to effect them through force. The disruptive effect of the Iranian disorders on Iraq's own minorities, and the aspirations of Iraq's leader, Saddam Hussein, to take the place left vacant by Gamal Abdul Nasser as the charismatic military leader of the Arab peoples no doubt also played their parts in the Iraqi decision to initiate regular hostilities in September 1980. The war remained limited in scope but, unlike previous conflicts between Third World powers, showed every sign of being prolonged and indecisive. And disagreeable as the world found the prospect of a Blitzkrieg in the center of the Middle Eastern oil fields, that of a long war of attrition was even worse.

There can be few, if any, regions where such eruptions would cause such universal and justifiable concern. The world was already entering a deep recession that was causing severe problems even for the strongest economies and insoluble difficulties for the weaker. So interdependent had the economies of the world become that the prospect of their further dislocation by a major interruption or disruption of oil supplies was one that all governments,

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except perhaps a handful of "crazy states," could only view with profound alarm.

Further, there were few areas of the world where either of the superpowers was capable of exercising less influence. The failures of Soviet diplomacy in the region had left it with no friends outside Syria and South Yemen. The latent goodwill toward the United States on the part of many Arab states including the most powerful, Egypt, and the wealthiest, Saudi Arabia, was vitiated, if not entirely nullified, by an apparently unconditional American support for Israeli policy determined rather by the pressures of domestic public opinion than by any clear calculation of American global interests; and this commitment was made the more embarrassing by the refusal of Israeli Prime Minister Menachem Begin's government either to compromise over the Palestinian issue or to desist from extending the areas of Jewish settlement in the West Bank. Deprived of any serious leverage in the Arab world, the United States could only sit by and watch events unroll. And American frustration was increased not only by the national humiliation inflicted on the United States through the treatment of the hostages but by the belief that Soviet involvement in Afghanistan represented not so much an embarrassment and a humiliation for the Russians as a dangerous extension of their military power.

Any American President confronting such a situation would have needed exceptional diplomatic skills, not only to handle the international problems involved but to cope with his own public opinion. These were qualities that neither President Jimmy Carter nor his National Security Adviser, Zbigniew Brzezinski, conspicuously possessed. Instead of insisting on the injury done to the international community as a whole through so massive a violation of diplomatic immunity, President Carter treated the hostage issue as a purely national, indeed a personal, matter. In the constant emphasis on the status of the hostages as *Americans* it was gradually forgotten that they were *diplomats* and as such entitled to the support not only of their countrymen but of their diplomatic colleagues throughout the world. By allowing the Iranians to reduce the issue to a bilateral affair between themselves and "the Great Satan," the American Administration went far to legitimize their action as simply another tactic in the Iranian "struggle for liberation," which enjoyed so much sympathy in the Third World.

A firm, patient and dignified appeal to international law and custom and to the solidarity of the diplomatic community in Tehran, combined with continual pressure on friendly powers and

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the United Nations for action, might not have speeded the release of the hostages. It would certainly not have satisfied American public opinion. For that it was perhaps necessary for a rescue attempt to be mounted, however remote the prospects of success. The consequent debacle in April was certainly humiliating; but there was general relief that it failed at so early a stage, before more widespread damage was done. But such unilateral action could do the American cause nothing but harm. A wider and more measured effort from the start would have preserved American dignity and prestige better than the bilateral haggling to which the American government, once it had allowed itself to be placed in so false a position, was ultimately reduced.

II

American public opinion probably also prohibited any but the strongest of reactions to the Soviet invasion of Afghanistan. Here also the knowledge of physical impotence no doubt added vigor to American declaratory policy. The arguments of those critics who maintain that, had President Carter been "firmer," the invasion of Afghanistan would never have taken place, are not persuasive. It is hard to see what threats or inducements the United States could have employed, even during the era of Secretary of State Henry Kissinger, that might have persuaded the Soviet Union to let ill alone, to accept so humiliating a defeat for the revolutionary cause, and to abandon Afghanistan to a hostile Muslim regime with far-reaching consequences to its own Muslim republics. What was needed to deter Soviet intervention was not so much "firmness" as the negotiation of a settlement that safeguarded Afghan independence while reassuring the Russians of the continuing friendliness of the regime; and this lay beyond the power of any American President to do. Détente, if it meant anything, should have involved not only conformity by the Soviet Union with the usual norms of international behavior, in which abstention from the military invasion of sovereign states ranks high, but some understanding on the part of the West of the pressures which might compel the Russians to transgress those norms.

The Soviet invasion of Afghanistan, when it came, could not, however, be accorded the same kind of recognition as a "police action" to hold their empire together, as had been reluctantly granted to their invasion of Czechoslovakia in 1968. Whereas the invasion of Czechoslovakia represented a consolidation of Soviet military power in an area where its presence constituted part of

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an acceptable military balance, that of Afghanistan was a blatant extension of it. Some saw it as a renewal of the historic Soviet quest for a warm-water port; others, as the acquisition of a springboard for intervention in the Gulf; and even those who, like the present writer, remained deeply skeptical of any such planned deliberation in Soviet policy were compelled to recognize that the military occupation of Afghanistan, whatever may have occasioned it, presented the Soviet Union with a number of new and very interesting strategic options. For a British historian who can recall how the British Empire developed in India, extending northward as the Russian Empire extended southward by pacifying unruly tribes beyond its frontiers, the most probable next step for the Soviet Union appeared to be Pakistan; not because the Soviets coveted its territory any more than the British coveted the same area a century and a half ago, but because their tenure in Afghanistan would remain uncertain so long as Pakistan provided sanctuary for Afghan rebels and refugees. It is often only with the best and most defensive of intentions that empires extend their sway.

If the international community was to check this creeping extension of Soviet power, two things were clearly necessary. The first was to ensure that the costs which the Soviet leadership must have taken into account when they decided to invade Afghanistan should actually be paid. However great the provocation, the transgression of international law was blatant and had to be punished if it was not to be repeated. The second was to deter any further forcible extension of the Soviet military empire; and this could be done only by making it clear that such extension would meet firm military opposition; that there were no further power vacuums waiting to be filled.

The problem was that whereas the first response had to come from the international community as a whole, the second could credibly be provided only by the United States, and then only with difficulty. It was important that the issue should not appear simply as another superpower confrontation from which Third World countries, including those in the affected regions, could plausibly distance themselves—much less as one in which the United States was taking advantage in order to extend its own military power. On the other hand, without American commitment and involvement no deterrent activity would appear credible.

The problem was neatly encapsulated by the course of events in Pakistan, whither Mr. Brzezinski somewhat precipitately flew to

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offer American assistance, taking the opportunity to pose defiantly for the television cameras on the Khyber Pass. The Pakistani government rejected the proferred military assistance as "peanuts," while asking for a "friendship treaty" to guarantee Pakistan's independence. A few months later, on May 18, President Zia ul-Haq declared that Pakistan would maintain a position of nonalignment between the United States and the Soviet Union unless it became convinced that the United States was "genuinely committed" to blocking Soviet expansion in that area of the world. The genuineness of the commitment, it was implied, could be precisely measured in terms of dollar aid.

The dilemma was a familiar one for the United States. It could make a credible commitment to the deterrence of Soviet expansion only by intruding into a region that clung at least to the rhetoric of nonalignment, and by providing lavish support for a regime whose record in the field of human rights left a very great deal to be desired. There was no inclination in Washington to build up Zia ul-Haq as a substitute for the Shah. But whatever the United States did, given the existing state of Arab and Muslim opinion, was likely to be taken amiss, and no doubt Washington thought it necessary to convey firm and immediate messages to the Soviet Union even though the Arab countries might prefer to keep their distance.

In the event, the Arab countries needed no prompting in conveying their own messages. Soviet influence was exercised in vain to prevent the Islamic Foreign Ministers' Conference meeting in Islamabad in January from condemning the Russian invasion of Afghanistan as forthrightly as they condemned the Iranian seizure of the American hostages—though to balance the ticket they condemned American sanctions against Iran, the Egyptian-Israeli peace treaty, and Israeli incursions into south Lebanon as well.

III

The immediate and unilateral American response to the Soviet invasion of Afghanistan also caused problems with the European allies that a more careful process of consultation would have done much to avert—though it must be admitted that the Europeans took their time about consulting one another and harmonizing their own very diverse reactions. The British, who had their own folk memories of Afghanistan, were the readiest to follow the

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American lead, but they appreciated better than most the magnitude of the task that confronted the Soviet armed forces, and they placed a higher value than did the United States on encouraging initiatives on the part of the regional states. The proposals put forward in February by the foreign ministers of the European Economic Community that Afghanistan be declared a neutral country under international guarantees—proposals to which Washington extended a far from cordial welcome—were largely inspired by Lord Carrington. The French preferred, as usual, to play a lone hand, at whatever embarrassment to their allies; but although there is no reason to suppose that he said anything that President Carter would not have been glad to endorse, French President Valéry Giscard d'Estaing's decision to meet Soviet leader Leonid Brezhnev tête-à-tête in Warsaw in May aroused critical comment even in France.

As for West Germany, Chancellor Helmut Schmidt's statesmanship was sorely tested. The question that was so often asked in the United States, "what have we got out of détente?" was not often asked in the Bundesrepublik, where every family with relatives in East Germany knows precisely, in terms of communication and travel, how much their divided nation has benefited from the Ostpolitik initiated by Chancellor Willy Brandt at the beginning of the decade. It was these human contacts, as well as the increasing flow of trade and investment with Eastern Europe, that the government of West Germany was anxious to preserve, and this had become a matter commanding such political unanimity that at the federal elections held the following autumn it was barely mentioned as an issue. For very many Germans, events in Afghanistan seemed irrelevant to the immediate task of maintaining the prosperity and stability of their own country and deepening its ties with the East, and this was a sentiment which Schmidt, whatever his own views on the matter, had to take into account. On the other hand, whatever his private—or not so private—opinion about American policy and President Carter's method of conducting it, the preservation of the Alliance had always been Herr Schmidt's first priority. Ostpolitik was critically dependent on Westpolitik if it was not to become as divisive an issue for his country and his party as it had been when Chancellor Adenauer was first elected to office. He had thus to support American policy unhesitatingly, but to ensure at the same time that that policy did not destroy the still precarious achievements of a decade of détente in Europe.

Thus, although the Europeans differed over questions of em-

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phasis, it was not too difficult for them to reach agreement on their common reaction to the Afghan crisis. There was no question but that there should be strong and unanimous political condemnation of the Soviet Union. It was also accepted that some military response was necessary, and that, although this could come only from the United States, the European members of NATO should be prepared—at least in principle—to shoulder a greater share of the burden of their own defense to enable the Americans to redeploy their forces, especially their maritime forces, to provide some combat capability in the northwest sector of the Indian Ocean. They also, as we have seen, accepted the British view that the crisis should so far as possible be seen and dealt with as a regional rather than a global issue and that nothing should be done to make the local actors feel they were being used as pawns in a Washington-Moscow confrontation. This view was certainly shared in the State Department; it was not altogether clear, however, that it penetrated to the White House.

As for sanctions, the reluctance of the European powers to go to the full lengths demanded by the United States was understandable. At a time of deepening recession there were limits to the amount of economic damage they were prepared to inflict on themselves in a gesture which would not, they believed, seriously affect Soviet policy, except possibly for the worse. With regard to the Olympic Games, there were even narrower limits on the capacity of democratic governments to affect decisions taken by independent and interconnected groups within their own societies dedicated to an activity which they believed, somewhat naïvely, to be "above politics." The degree of popular support these groups received both in Europe and in North America provided interesting evidence of the extent to which the peoples of industrialized societies during the last quarter of the twentieth century consider themselves entitled to free circuses, as well as to free bread. Eighty-one nations eventually took part in the games and about sixty abstained. Soviet "face" was saved, but the anxiety and disruption caused by the threat of abstentions must nonetheless have made its mark in Moscow.

In spite of these disagreements, however, the West could on balance feel satisfied with the world reaction to the Soviet invasion of Afghanistan. There was certainly no tendency anywhere to be overawed by this exercise of Soviet military power. Those who used this occasion, as they had so many others, to talk about "Munich" only revealed as little understanding of events in 1938 as of those in 1980. The communist world was even more divided

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over the issue than it had been over Czechoslovakia in 1968; the Romanian and Yugoslav as well as the Spanish and Italian Communist Parties sharply condemned the Soviet action. The position was made worse for the Russians by their decision to send into internal exile the distinguished scientist Andrei Sakharov, which was too much even for the staunchly pro-Soviet French Communist Party. In the Arab world only the handful of radical socialist states withheld their condemnation. Egypt and Saudi Arabia strengthened their military links with the United States, which also gained useful strategic facilities in Kenya, Somalia and Oman.

There may have been Soviet strategists who saw Afghanistan as a further step toward world conquest, but the immediate consequence of their invasion was to saddle them with a military involvement that seemed likely to prove as long-lived and embarrassing, not perhaps as Vietnam had been for the United States, but certainly as Northern Ireland was for the British. The last traces of détente with the United States on which Brezhnev had set so much store, and on which he perhaps relied to check the extravagant demands of his military lobby, collapsed, and a new and intensive period of armaments competition appeared inevitable. The communist world was divided and the Third World alienated. By November, open supporters of the Soviet Union in the United Nations had dwindled to 22 against a condemnatory majority of 111.

IV

In addition to the differences in the European and the American reactions to the invasion of Afghanistan, there were two wider issues on which American and European policy was divided. The first was that of arms control. The American suspension of all further consideration of the SALT II treaty as part of their sanctions over Afghanistan surprised nobody, in view of the problem faced by the Administration in getting it through the Senate anyway. But the prospect of abandoning all attempts to limit armaments, whose growing costs worried governments as much as their lethality and effectiveness alarmed their populations, was a prospect that disturbed the Europeans very much more than it seems to have done the Americans. It was a curious aspect of the situation that, whereas in the United States the strongest protests against armaments policy came from those who wanted greater expenditure on defense, those in all European countries came from groups who wanted less; and that the measures designed by ingenious

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American technologists—cruise missiles, neutron bombs—to meet the security needs expressed by their European allies should have been so widely regarded in the countries concerned as making their position if anything rather worse.

The American attitude was based on a somber estimate of Soviet capabilities. Their critics in Europe considered Americans to be unnecessarily alarmist, and were in their turn accused by the Americans of self-Finlandization. There was probably justice in both views; but somehow it was easier for Europeans to view the undoubted Soviet arms buildup of the past decade as reactive rather than as a deliberate bid for world dominance, and to take at least as much account of the massive incompetence of the Soviet economy and the virtual isolation of the Soviet Union in the world community—an isolation deepened by the Afghan adventure—in assessing the seriousness of any Soviet "threat." While accepting that some improvement in their defense posture was necessary, the last thing any European government wanted was to be drawn by superpower competition into further expenditure on armaments that would, for all of them, be politically deeply divisive, and for some would be economically crippling. While SALT II was not considered an ideal treaty, it was widely accepted in Europe as the best that they were likely to get, and there was no sympathy whatever for the view that appeared to be gaining currency in the United States, that it might be better to abandon arms control altogether. It was the fear that this view might become dominant that influenced many Europeans when they contemplated with such little enthusiasm the advent of Governor Ronald Reagan to presidential power.

The other issue which divided the United States from its European allies was, of course, that of Israel. The common American belief that the Europeans were simply responding to Arab "oil blackmail" in refusing to follow the American lead on Middle Eastern policy was a long way from the whole truth. In the first place the British and the French had centuries-old connections in the Middle East that gave them distinctive perspectives and interests in a region where, they felt, the Americans had never succeeded in creating a very effective rapport. In the second it was widely felt in Europe that nothing now prevented the West from establishing close and friendly ties with the Arab states, based on economic interdependence and a common suspicion of Soviet power, except for the Palestinian issue—a matter in which many Europeans believed that, oil or no oil, the Arabs had right on their side. The continued festering of this grievance could have

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dire results, making more difficult the internal position of those "moderate" regimes such as Saudi Arabia and Jordan which have been traditionally friendly to the West, and strengthening the hand of the radical leaders of Libya, Syria, Algeria and South Yemen, for whom the West has remained the embodiment of neocolonial imperialist oppression.

Given these fears, it seemed in Europe not that the United States was mistaken in its handling of the situation, but that it was incapable of handling it at all. Nothing had made President Carter more popular than the 1978 Camp David Agreements, though it was recognized that the true hero of the occasion was the man who had made them possible, Egyptian President Anwar Sadat. But Camp David was only halfway across a chasm. If the crossing could not be completed with an agreement about the West Bank acceptable to the rest of the Arab world, the only result would be that Egypt would share Israel's unpopular isolation and Sadat's own position would grow increasingly precarious. President Carter thus had to maintain the momentum he had begun; but this was something that in an election year, with a host of domestic problems on his plate and such time as he had available for foreign affairs eaten up by Afghanistan and Iran, it was quite impossible for him to do. It also seemed impossible for him even to consolidate the gains of Camp David by restraining Prime Minister Begin from pressing on with his highly controversial program of settlement in the West Bank and what could be seen only as a flagrantly provocative gesture: the formal annexation of East Jerusalem.

Quite what led Prime Minister Begin into a course of action that made Israel's friends despair, delighted its enemies, deeply divided a country riven by economic difficulties, and turned Israel increasingly into an oppressive garrison state will no doubt be explained elsewhere in these pages. But clearly Washington had neither the will nor the capacity to check him. President Carter's repudiation of the U. S. vote over Israel in the United Nations on March 3 revealed either a frightening lack of coherence in the Administration, or the overwhelming power of the Jewish lobby in an election year, or more probably both. But from that moment, President Carter lost all credibility as the leader of the West in shaping policy for the Middle East. It is not surprising that the European powers decided, *faute de mieux*, that they must now chart their own course.

Yet the serious differences between America and its West European allies over Israel did not, happily, operate to prevent both

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from pursuing careful parallel policies in relation to the Iraq-Iran war. In the early stages of that war, when it appeared possible that it might widen to the point of threatening the oil lifeline of Western Europe (and Japan), who depend far more vitally on it than even the United States, there were indeed quiet precautionary naval deployments undertaken on the basis of bilateral consultations between Washington and other capitals. In the event, the danger of a widening of the war has receded, and Americans and Europeans are at one in resisting any thought of intervention or assistance to either side. The Soviet Union has also, so far, shown a comparable caution.

V

But if 1980 was a disturbing year for the Western allies, for the Soviet Union it was little short of disastrous. Reference has already been made to the disarray within the communist bloc and the alienation of the Third World states. The latter included not only the Islamic nations but the overwhelming majority of the states in sub-Saharan Africa, where only a few months earlier Soviet attempts at penetration had caused the West so much alarm. Neither in Angola nor in Ethiopia did the Soviet presence seem to produce any benefits comparable to its very evident costs.

More important, Soviet prospects of further gains suffered a major setback when the British government, assisted by President Samora Machel of Mozambique, achieved a major policy success in bringing to an end the civil war in Rhodesia and establishing in the new Zimbabwe a regime that, although its black nationalism and radical socialism boded ill for the remaining white minority, seemed both pragmatic and prepared to be friendly with the West. But in South Africa itself Prime Minister P. F. Botha's timid initiatives toward the integration of the black majority were brought virtually to a halt by resistance from his own party, and the time bomb of race war ticked inexorably on. And in South Africa there are signs that an increasing number of black radicals are indeed turning to the Soviet Union as the only possible source of help against what they see as intolerable oppression.

Meanwhile, on the eastern frontiers of the Soviet Union the hostility of China had been, if possible, intensified. With its friend Pakistan and its own frontiers threatened by the Soviet occupation of Afghanistan, and its client Cambodia taken over by one of Russia's few reliable allies, Vietnam, the People's Republic of China was understandably alarmed and made renewed efforts to

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strengthen its links with the West. Chinese and American officials spoke of relations between their countries in terms of careful moderation, but their growing intimacy was not concealed, and only Governor Reagan's unreconstructed views about Taiwan seem to stand in the way of their becoming yet closer.

The greatest threat to Soviet security, however, appeared in the West. Paradoxically, it was a threat that might never have developed, or certainly not with such startling speed, had it not been for the hard work that the Russians themselves had over the past two decades put into normalizing relations with Western Europe and promoting pan-European security and cooperation. Their efforts had for long been resisted by timorous Western statesmen who saw in their proposals only threats to the stability of their own societies, without realizing how far more vulnerable were those of Eastern Europe. The greater the flows of trade, capital and communication between East and West, the greater would become the discontent of the peoples in Eastern Europe at the contrast between the performance of their own regimes in raising the standard of living of their peoples, and those of the West.

The most powerful instrument at the disposal of the Russians for the control of their satellites, apart from the presence of their own troops, had for long been the fear of a revanchist West Germany. Over the years this had gradually faded away, and with the Ostpolitik of Willy Brandt and Helmut Schmidt it had practically vanished. The election of a Polish Pope, however discreetly he conducted himself, could only strengthen Poland's sense of community with Western Europe. The Helsinki agreements of 1975 meant that Western travelers, news media and literature circulated more freely in spite of all efforts to prevent them. Brutal oppression in Czechoslovakia, skillful economic management in Hungary, and a massive Soviet presence in East Germany had kept the situation in these countries under control; but in Poland the combination of chronic economic mismanagement and a renewed sense of national independence from their clumsy and incompetent Russian masters eventually proved uncontrollable.

Throughout 1980 everyone handled the Polish situation with remarkable good sense. Faced by a workers' rising of impressive and undoubtable unanimity, the Polish government did what it could to meet its demands. The strike leaders negotiated with an admirable combination of toughness and good humor. The Russians made threatening noises but stayed in the background. And the West did everything in its power to make clear its noninvolve-

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ment. The fact that the United States during the autumn of 1980 had no time to spare for anything save its own presidential elections may here indeed have been something of an advantage.

But when the strikers began to extend their demands from the reshaping of the economy to the reshaping of the state structure, the dismantling of the security services and the dethronement of the Party from its supreme position within the Polish state, they were venturing on to very thin ice indeed. The Soviet government was brought nearer the horrible choice between watching the whole structure of its western empire gradually unravel, with inevitable repercussions within the Soviet Union itself, or intervening as it had in Czechoslovakia and preserving its security at the price of deepening its political and economic isolation.

VI

Soviet intervention in Poland would, of course, create a situation with which the Reagan Administration would be temperamentally fitted to cope. It would finally destroy both détente and arms control. It would be taken to legitimize massive defense expenditure in the West. It would make it inevitable that Brezhnev's successors would take a hard line of their own. We would be back in the iciest days of the cold war. The danger is that Reagan's victory may make the Russians believe that we are heading back for the cold war anyway, and that they have nothing to lose. There is probably as much hankering after the old certainties within the Soviet Union as there is in the United States.

But too much has changed during the past 30 years for any such simple return to be possible. Soaring defense expenditures at a time of deep economic recession would destroy the fragile consensus that holds the societies of Western Europe together. A continued obsession with superpower rivalry will only make it more difficult for the West to cope with crises in those regions—the Middle East, southern Africa—on which global peace and prosperity ultimately depend, to say nothing of addressing itself to the urgent and tragic issues raised by the Brandt Report on relations between industrialized and developing countries. Increasingly the problems that obsess governments are not those of international security but those of internal stability: how to provide for their peoples, on shrinking economies, the livelihood that they increasingly feel entitled to expect.

The Soviet Union is as much the victim of these difficulties as anyone else. Certainly it must be prevented from resolving them

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at the expense of its neighbors, but ultimately there can be no solution for it or for the rest of the world save in patient and farsighted cooperation. If we do not hang together we shall certainly hang separately—and quite possibly cut one another's throats in the process.

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George W. Ball

REFLECTIONS ON A HEAVY YEAR

"This year was in all respects a very heavy time," wrote the authors of the Anglo-Saxon Chronicle in 1097, and we can appropriately use the same phrase to describe 1980. To be sure our country was not engaged in war; the Danes did not raid our coast; America was still rich by world standards; and the harvest was adequate. But a doleful chorus of lamentation was heard not only in our land but throughout the non-communist nations. It had a persistent recurring theme. At a time when the Soviet Union was systematically extending its military reach, the United States was falling into apathy and incompetence. No longer did we Americans seem willing and able to assure the security of our friends and allies. No longer did we display the mastery of events that had given confidence in our economic, political and military leadership.

To some extent one heard overtones of *Schadenfreude.* America had been top dog for a long time and we had not always worn our epaulets of authority with grace and dignity. Still, one could not shrug off such pervasive apprehension merely as the sour fruit of jealousy. After all, our friends were merely repeating worrisome questions about our capacity for leadership that we had ourselves first uttered. Our military theologians were asserting that we faced a dangerous period when our second-strike strategic nuclear capability might be vulnerable. Our generals were insisting that we lacked the conventional power to halt a Soviet encroachment in such a critical area as the Persian Gulf. Meanwhile, we were documenting those dire assertions by symbols of our incompetence.

A symbol that most shocked our friends was the breakdown of the helicopters during our aborted April rescue effort in the Iranian desert—a spectacular failure in an area where American supremacy had long been taken for granted, the ability to make complex machinery work effectively. The only conclusion to be drawn was that America's volunteer armed forces were in appal-

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lingly poor condition, and our sophisticated foreign critics memorized the frightening statistics of flagging enlistments and lamentable levels of illiteracy and incompetence in our army.

In addition to somber head-shaking over the sad condition of our military power, our friends took an increasingly jaded view of our economy. Though we had long been unchallenged as the world's industrial leader, our factories now lagged behind Japan's in productivity, and we had lost much of our competitive edge in the bazaars of the world. Some of our famous industrial enterprises were in financial trouble, and the dollar, though still carrying the heavy baggage of a key currency, was sustained even at its comparatively low parity only by high interest rates that deterred investment. We were upsetting world financial markets by our massive and persistent deficits, while lacking the national discipline to reduce inflation and unemployment.

Though it was easy to blame the world's economic ills on America, we were both victim and villain. Our inflation, which we had contracted during the Vietnam War, was a complex and baffling phenomenon—not an isolated disease but a symptom of debilitating slothful habits, excessive expectations, self-indulgence, and an unwillingness to relinquish individual claims or advantages for the common weal. It defied and discredited the economic doctors whose patent remedies no longer seemed effective. Frustrated by the failure of their leeches, poultices, and the balancing of the four humors which they had been taught by the famous Dr. Keynes, they could agree on only one point—that the ailment was aggravated by vaulting oil prices.

Still, the conclusion that the year 1980 was indeed "a heavy time" did not rest solely on economic or military statistics; it also reflected the widely heard complaint that America's leaders were not adequate for their central role—a complaint that gained credence from the shrill, inconsequential, vapid and seemingly interminable presidential campaign. Was it a basic institutional problem? Were our clumsy electoral arrangements no longer able to produce Presidents of requisite stature? Some found in the choice finally made at least a provisional validation of those concerns, and, in foreign policy, rumors and appearances often have as much operative reality as events and facts.

II

It is the major thesis of this article that the most notable development of 1980 was the decline of America's standing and authority with its friends and allies—and indeed with other non-

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communist nations. Yet let us be clear in our chronology of causation. Did faith in American leadership fade precipitately in 1980 or had doubts been germinating over a number of years—ever since we flopped from Vietnam into Watergate? The answer is, I suspect, a little of both. What—among other things—unconsciously upset Americans was that, during the ten years culminating in 1980, our nation had confronted three situations in which we were forced to yield to poor, backward, nonindustrialized countries.

First, we found we could not impose our will on the poor, largely agrarian, nation of North Vietnam. Then we stood by impotently while our countrymen were kidnapped by another less developed country. Meanwhile, for seven years we have been subjected to the financial exactions of a group of developing nations combining under the name of OPEC. Of course, each of these incidents had a different explanation. In assuming that, given our huge economic strength and advanced military technology, we could inevitably prevail in Vietnam, we overlooked the driving force of our adversary's fanatical purpose. After our countrymen were taken captive in Tehran we learned with shock and dismay that kidnappers can, by playing on human compassion, effectively stand power relations on their head. Finally, OPEC's inflation of oil prices revealed the leverage implicit in collective decisions by producers who control the supply of a finite resource on which the world economy depends.

No doubt we were the victims of cultural lag since we had acted—and still do—on assumptions that dated from the end of the Second World War, when America was without question so much more powerful than other nations as to create a deceptive sense of omnipotence. Now we discovered that power no longer depended solely on the possession of industrial plants or nuclear bombs. Nations ridiculously weak by those standards showed us that other kinds of power can derive from an obsessive purpose, kidnapping or monopoly. Impotent in the face of these nonconventional weapons, America no longer gave the appearance of predominant might that had set it apart from other nations; we had, some critics suggested, lost our uniqueness and were not much more than *primus inter pares*—the biggest of the big powers. But few Americans could swallow that pill with equanimity. Since we were not conditioned to failing or being thwarted, many were led to the troubling question: What had happened to us that we could be pushed around by midgets? So we instinctively searched for scapegoats—greedy oil companies, the dishonesty of our gov-

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ernment leaders, the venality of special interests seeking to despoil the landscape—anything but reality.

III

Not that we were the only confused and unhappy nation. During 1980 almost all non-communist countries suffered from the debilitating OPEC disease that caused a vast and seemingly endless bleeding away of wealth. Vaulting oil prices proved as critical in weakening the body politic of the West as an excessively high fever; they created persistent balance-of-payment deficits that distorted the international monetary system, drained off the capital that nations needed for investment, created major problems of adjustment within industrial structures, altered the habits of peoples, and called into question the wisdom and authority of governments.

Why was America so tragically slow to comprehend the implications of the massive readjustment in energy costs that began in the aftermath of the Yom Kippur War? Never before did our learned doctors so passionately and widely disagree, nor our intellectual patent medicine salesmen work so frenetically to promote their individual nostrums. Professor Milton Friedman assured me in 1974 that the OPEC cartel would soon disintegrate and, in any event, inflation would nullify the effect of any oil price increases; demagogues blamed the fragility of our position on the international oil companies, who were as bemused as anyone by what was happening; ecologists insisted there would be no energy shortage if we would only harness the rays of the sun, while their particular form of tilting at windmills was to urge that we cover the landscape with them.

Since the first explosion of the nuclear bomb, Americans had never faced a problem so far outside their experience, and the mystification and tangential theorizing that followed has continued to the present day. Unlike nuclear weapons, which, though they revolutionized power relations between the Soviet Union and the United States, did not alter the way Americans went about their normal affairs, the oil crisis directly touched the life of our whole country. It withered the income and savings of the average American by helping to stimulate inflationary forces, induced him to trade in his huge automobile for a less thirsty compact, and gave him an all-purpose excuse for his economic unhappiness.

Even by 1980—seven years after the first major OPEC action—our country had made only a snail's progress toward solving—or even comprehending—our energy problem. In spite of fatuous

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talk of "project independence" and the "moral equivalent of war," we remained bemused, divided and paralyzed and hence subject to the whim or cupidity of a handful of Middle East nations. Even now we have not clearly defined the trade-offs needed for moving rapidly to reduce dependence on foreign energy, while, at the same time, taking reasonable measures to safeguard our environment.

Quite likely our stumbling response to the oil crisis has done more than anything, other than the Vietnam War, to weaken the confidence of other nations in America. Europeans resent the fact that—though we talk constantly of conservation—we still consume roughly twice as much oil per capita as they.

Interrelated events rarely have the good grace to occur at moments of fortunate phasing, and no doubt our weakness has appeared at a particularly inopportune moment in Europe's history, since the years of constructive optimism in that continent seem—at least temporarily—to have ended. Having lost their empires and their status as great nations, the countries of Europe for a time thought tentatively of revitalizing their societies by combining the skill and resources of their great continent under a common institutional framework that would enable them to act with unity. But today Europeans are steadily relapsing into traditional habits of nationalism. Europe's nation-states live more and more on long memories, displaying a constant tendency to slip back into the old bad habits of the past. To be sure, heads of state now meet regularly, while foreign ministers hold even more frequent meetings with agendas that include politics as well as economics; but, though many matters are touched on, the meetings end with bland communiqués and minimal action.

The failure of European nations to organize themselves on a modern scale is the major element of weakness in the alliance, because it results in an unhealthy imbalance that erodes relationships of mutual respect. Except for the Soviet Union, the nations so long regarded as "the great powers of Europe" now lack the scale and scope required for that designation. Technology and industrialization have wrought such a massive change in magnitudes that only countries organized on a continent-wide basis can mobilize the resources to play more than a regional role. For a time that did not matter. During the period of disintegration of the great colonial systems—the 1950s and early 1960s—America had the capability to cope single-handedly with affairs in the far corners of the world. But, particularly during the latter 1960s and 1970s, capital and production have been drastically redistributed

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among the industrialized nations without a commensurate redistribution of military or political responsibilities. Though in wealth and income Japan and the nations of Europe have grown progressively stronger in relation to the United States—or, put another way, the United States in relative terms has grown progressively weaker—the world has continued to rely on America to play the same lonely role in world affairs. Nor, unless Europe should undergo some massive revival of spirit and resume its move toward unity, can one expect any reallocation of political or military responsibilities outside the European continent.

Since habit is the progenitor of inertia, we Americans continue to regard it as divinely ordained that we must bear the burdens history has thrust on us; indeed, our government usually finds it easier to act on its own than to try to involve other nations. But that fundamental imbalance is now becoming more and more unsettling—especially as other governments sublimate any sense of guilt for their own incapacity and inaction by increased shrillness in their cluck-clucking and the patronizing tone of their advice to America. Though acknowledging our own shortcomings, we Americans do not take kindly to captious carping at our leadership—resenting accusations of ineptitude or a lack of will if we choose not to rush off precipitately to fight or face down some other nation, when our foreign critics do little more than jeer from the sidelines, as though world politics were a football match.

IV

But if events of the past year have clearly shown that our system of collective security, evolved during the ebullient days of the late 1940s and 1950s, is in sad need of repair, that year has also disclosed dangers and anxieties for the Soviet Union. Though, unlike America and its allies, the U.S.S.R. has been spared the disruptive effect of OPEC price actions—indeed, has profited from them—it faces still more fundamental problems. Controlled by an aging hierarchy, it is at the point of changing the guard under a system incapable of assuring an orderly succession without a power fight. Meanwhile, the year 1980 added further piles of evidence to confirm what six decades of disappointing experience had already established—that the Soviet command economy is an inferior system that cannot work efficiently.

In addition, the year's vital statistics have confirmed the demographic trend that will shortly make the Russians a diminishing

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minority in the population of the U.S.S.R. Today they represent no more than 50 percent while non-Russian groups are increasing far more rapidly—especially the 40 million Muslims of Central Asia whose rate of annual increase is several times that of the Russians. Since the minorities hate Russians, and the country has lost its ideological drive, uneasiness and discontent extend even to the harried men in the Kremlin. Given their historical memory of Mongol invasions, the specter of a billion Chinese next door to the almost empty continent of Siberia constantly bedevils them.

Nor was the year propitious for their global aspirations. Fighting still continues in Angola and, though the Soviets' perfidy to the Somalis cost them a first-rate base at Mogadishu, the Ogaden remains in turmoil. To be sure, those were low-cost, low-risk affairs with more Cubans than Russians at risk; far more disturbing are the mounting bills—both economic and political—from their massive move into Afghanistan. Though, by virtue of propinquity if nothing else, Afghanistan can never become a Soviet Vietnam, as some fanciful American commentators have suggested, the Red Army may have to occupy the country for a decade before it can entirely root out the tribal structures that assure opposition.

Still, the Kremlin's dolor over its foreign adventures can scarcely equal its anxieties at mounting unrest in Eastern Europe, whose peoples are growing more and more impatient and assertive as they see the greater prosperity of their neighbors to the West, and rankle under the heavy heel of Soviet repression. "Where will it end?" we Americans ask, as we watch with mingled admiration and frustration the struggle toward freedom in Poland—applauding the valiant spirit of the Polish people, yet sickeningly apprehensive that a Soviet invasion of Poland could kill many brave Poles while setting in motion unpredictable forces damaging not only to our relations with Moscow but to transatlantic relations as well.

But if, as the hot air leaks out of their ideological balloon, the Soviets show evidence of flagging economic and political strength, in military terms they seem increasingly strong. To be sure, they may, as rumors suggest, be encountering difficulties with a conscript army containing non-Russian elements—including a significant component of Central Asians, only 37 percent of whom speak Russian even as their second language. Yet it is unlikely that such problems remotely approach those we are encountering in our current hopeless task of seeking to turn our volunteer army into an effective fighting force.

No one should discount the hypertrophy of the Soviets' armed

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forces, since a nation's ability to do mischief may depend far more on its willingness to channel resources into its war machine than on comparative statistics of economic strength. In the late 1930s France and Great Britain were richer and industrially stronger than Germany, but the Nazis were ready for war while they were not. Nor is there any doubt that the Soviet Union—with its reach now extended around the world—is in position to play a meddlesome role wherever regional quarrels or conditions of internal instability provide targets of opportunity.

V

In the Middle East such quarrels and instabilities are so numerous as to lead the cliché-mongers to call it a potential Balkans. Until the end of 1979 we Americans watched with paralyzed fascination as the Shah's dynasty was disgorged in a violent emetic ecstasy by the whole Iranian people. Then, with the seizure of the hostages on November 4, 1979, and the invasion of Afghanistan on December 27, we gained a new set of preoccupations. Finally, in the latter part of 1980 came the Iraq-Iran war.

The first of these four incidents—the Iranian Revolution—caught America off balance and shattered our complacence regarding the security of the Gulf. Though otherwise serious people still talk sterile nonsense regarding our government's responsibility for letting Khomeini seize control, such critics have largely limited their comments to a short time-span. Few have bothered, for example, to ask why in 1972 the United States failed to establish its own military presence to fill the Persian Gulf vacuum created by British withdrawal, as we had in other areas of the world. Why, instead, did we, in the name of the Nixon Doctrine, put all our trust in the Shah as the "protector" of Western interests when, in the latter years of the twentieth century, an absolute monarchy could clearly have only a limited life expectancy? Was it prudent to unlock our arsenal for the Shah to acquire whatever his fancy chose of our most sophisticated hardware—especially since, in the process, we contributed both to his financial pressures and his megalomania? Those points have been largely smothered by the self-righteous outrage of those with vested interests in historical revisionism. They contend, first, that our government should have foreseen and thwarted the revolution and, second, that the Carter Administration should have saved the Shah by interposing Amer-

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ican power or aiding and encouraging the Iranian Army to fire on the mobs.[1]

Yet, now that the mists have largely cleared, it is apparent, not that the Carter Administration erred by abandoning the Shah, but rather that it supported him too uncritically and failed to comprehend the irresistible momentum of the revolutionary forces at work. Still, the noisy prejudices of Monday morning quarterbacks have a long half-life; only with wider understanding of the nature, significance and magnitude of the Iranian Revolution will such conceits fade into fantasy. And now our own national election on November 4, 1980 has challenged the accusations that our government should have foreseen the advent and magnitude of the Iranian Revolution. Even with elaborate computer gadgetry and the opportunity to read the pulse of the electorate systematically over a long period of months, America's famous pollsters failed to foresee the Reagan landslide and insisted until the final day that the election remained "too close to call." So, who can cavil at our intelligence services for failing to perceive the tidal nature of a political regurgitation in a country 6,000 miles away?

VI

Before we had recovered from the shock of the Shah's fall our Embassy staff was kidnapped. Americans found it hard to adjust to the reality of our strange, frustrating predicament, to realize how little a humane nation can do when a foreign government—and not merely a terrorist gang—connives to imprison its nationals. We were quite unprepared to recognize that the only practical course, after the exhaustion of all diplomatic effort, was to wait for a change in the objective facts through the emergence of institutions in Tehran capable of speaking and acting with at least

[1] This same view was echoed in Europe. On one occasion, I felt compelled to answer a French critic's charge that we should have used force to save the Shah by saying, "Perhaps you're right; we should probably have invaded the suburbs of Paris and captured the revolution at its source." There are, of course, historical parallels for the wistful thought that somehow we could have kept the Shah on his throne. One need only recall the caterwauling of the late unlamented China lobby; or the sentiment that prevailed in the courts of Europe during the early nineteenth century, when diehards contended that other European dynasts, by a more effective use of force, could have checked the national convulsion known as the French Revolution and kept the Bourbon Louis XVI on the throne. Finally, there was the myth fondly cherished in the 1920s among White Russian Paris taxi drivers that, by more strongly supporting the White Armies, the Western powers could have stopped the Bolshevik revolution in its tracks.

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limited authority.[2] Still, we Americans have a short attention span, and, without constant reminders, the plight of the Iranian hostages would never have become a national obsession. At the time of the *Pueblo* incident in 1967, for example, our government did little but make official protests even though Americans were being tortured. Since our television cameras were not allowed in North Korea, the incident held a subdued place in the public consciousness until the hostages finally came home one year later.

But in Iran the great American television networks placed their full facilities at the service of the captors, faithfully recording their grunts and gestures when they assembled each day at the appointed hour to shout abusive slogans and shake their fists with contrived ferocity at the camera lens. With our help and expense the exhibitionists of Iran enjoyed a continuing field day.

The sight of successive waves of hate-driven Iranians (or perhaps the same group giving daily repeat performances) concentrating their long pent-up hatred of the Shah on America (which served as a displacement mechanism) understandably outraged our national sensibilities, while heartbreaking television interviews with the families of the hostages transformed the whole affair into a long-running soap opera. The melodrama gained new intensity when, in an effort to exploit the national mood, President Carter announced late in December 1979 that he would nobly abjure further campaigning until the hostages were returned—a pledge he abandoned only after the ill-fated rescue attempt of April.

With such a systematic stirring of public feelings, the hostage problem acquired a highly distorted importance in the total context of American foreign policy. That distortion quite likely delayed the return of the hostages, since it made their retention useful to the militants and even to the Iranian Islamic leadership as a symbol of grievances they could exploit over a protracted period. At the same time the sense of outrage built up in American opinion generated pressures that led the Administration into its wildly reckless adventure in the desert, which, as I have suggested,

[2] We have not undertaken the most appropriate response to the kidnapping. In June 1980 I proposed that the United States initiate negotiation for an international convention that would require all signatory nations to break diplomatic relations with any government that was found by the International Court of Justice to have impaired, or condoned the impairment of, the inviolable rights of embassy and diplomatic personnel guaranteed by the Vienna Convention of 1961. That would take any future violation out of the framework of bilateral relations while assuring the political isolation of the offending government. Moreover, it would have the advantage of penalizing the government rather than the people of the offending state, while giving other signatory nations an incentive to press for the release of the hostages or the curing of whatever other offense may have been committed. See *The Washington Post*, June 3, 1980.

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gave powerful currency to growing suspicions of American incompetence.

VII

If the hostage seizure was largely an American preoccupation, the Afghanistan invasion posed a threat to all non-communist nations, though Western experts disagreed on their appraisal of Soviet motivations. Some saw it as a carefully designed first step in extending the Soviet Union's influence into Pakistan and the subcontinent, while improving its chances to gain control of the whole or parts of a disintegrating Iran and thus command the eastern shores of the Persian Gulf. Those holding that view emphasized the unique character of the operation; it was the first time since the Second World War that the Soviet Union had deployed its army outside of Europe. For others the operation seemed less sinister; the Soviets, they speculated, had reluctantly committed such large forces only to avoid humiliation from the threatened establishment of a hostile regime in Kabul.

But, whatever Moscow's motives, no one could ignore the fact that its move had created a new situation, although even that was subject to differing interpretations. Here again the argument was highly conjectural. Would control of Afghanistan materially improve Moscow's strategic position for an ultimate invasion of Iran? Such control could hardly add much to the Red Army's existing ability to sweep down across Iran's long northern border where the terrain, while initially rugged, is still less forbidding than the formidable mountain barrier that separates Afghanistan from Iran. To be sure, though southern Afghanistan provides the potential for air bases 350 miles from the Strait of Hormuz and control of Afghanistan may put the Soviets in a better position to subvert the Baluchis, the practical advantages were by no means unequivocal.

Yet, however much the experts might disagree, the President had no doubt. Immediately after the invasion he portentously declared that "the implications of the Soviet invasion of Afghanistan could pose the most serious threat to the peace since the Second World War." Such hyperbole affronted those who remembered the crises over Berlin and the tense days before Soviet missiles were removed from Cuba. More than that, it tended to confirm the impression of naïveté President Carter had created in the immediate aftermath of the invasion when he had stated: "My opinion of the Russians has changed more drastically in the last week than even the previous two and a half years." For

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experienced Europeans and many battle-hardened Americans such utterances posed a disturbing question: Were not the costs of on-the-job training for Presidents proving too high?

The Afghanistan invasion differed, of course, from the kidnapping of our nationals, since the latter action, though a violation of the rights of embassy and hence of concern to all nations, appeared primarily as a dispute between America and a country suffering the lunacy induced by revolution that only tangentially involved cold-war relationships. But to the extent that it posed a threat either to the subcontinent or the Persian Gulf, the invasion of Afghanistan concerned every Western power as well as Japan. Here again the President took the diplomatic lead by announcing sanctions against the Soviet Union, including not merely stopping grain sales and the transfer of high-technology equipment, but also an American boycott of the Summer Olympics in Moscow. In addition, since it is now the practice for every President to attach his name to at least one solemn pronouncement for the history books, he promulgated what the press obligingly called the "Carter Doctrine," though at almost the same time America's military leaders made public their expert opinion that we did not have the strength to back it up.

To these proposed sanctions the reaction of our friends and allies was mixed. Part of the problem was the relation of democratic governments to their own athletes. In Britain, for example, the government, though favoring the boycott, did not have the necessary influence over its Olympic committee; in France, where the government could clearly have told its Olympic committee what to do, President Giscard d'Estaing refused to take a clear stand.[3]

Not only were some governments unwilling to risk unpopularity by disenchanting their athletes but they did not want to risk offense to the Soviet Union—even though the government of the Federal Republic of Germany showed the way. That reaction was further evidence that the alliance had been critically weakened and that America's leadership no longer commanded respect. At the same time it underlined two points that Americans often tend

[3] To me, the preference of some European governments for games over statecraft recalled the verse originally heard in London during the First World War:

I was playing golf on the day
The Germans landed,
All our troops had run away,
All our ships were stranded,
And the thought of England's shame
Almost put me off my game.

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to overlook—that our European allies cannot adopt sanctions against the Soviet Union without risking far higher costs than any to which we might be subject, and that Americans and Europeans have quite different conceptions of the nature and purpose of détente.

Viewing the Soviet Union from a geographically distant point, we regard détente as a condition in which superpower relations can be maintained at a state of tension short of the immediate threat of armed conflict. Though the concept includes a component of trade, Americans do not all agree as to whether—and in what magnitude—East-West commerce is either good or bad. But the Federal Republic's Ostpolitik, its own bilateral version of détente, is not merely theoretical but operational; under its conceptual umbrella Bonn has been able to arrange the return of thousands of Germans from Poland and to develop procedures that ease the agonies of separation between members of families in East and West Germany. Moreover, unlike America, West Germany's prosperity is directly related to its trade with the bloc; its exports to East Germany and the U.S.S.R. increased by 30 percent in the first half of 1980, while in five years Soviet gas exports to West Germany are expected to double to the point where they will constitute about 30 percent of the country's total gas consumption—a degree of dependence that is worrisome. Finally, living next to the Iron Curtain and with their faith shaken in the effectiveness of America's defense umbrella, the Germans feel far more vulnerable to Soviet reprisals.

Because of this latter circumstance, at least some of the people in the Federal Republic and other smaller European nations might react to a possible Soviet invasion of Poland with a disquieting ambivalence. Ten years ago one could have said without question that the threat implied in such a move would rally the forces of Atlantic solidarity and that the Western nations would be more than ever convinced of the need to act with unity and resolution out of common interest. Today one cannot be so sure, for, as has been suggested, Europe is suffering such appprehension, just short of resignation, that a new menace from the East would not necessarily stiffen spines and evoke a spirit of opposition, but might lead some at least to toy with the wishful thought of saving their own skins and profits through an act of accommodation.

So now more than ever we must urgently go about rebuilding the alliance. That will require not only subtlety and firm purpose but the rigorous avoidance of unilateral actions that diminish the sense of common interest we have so carefully built throughout

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the past three decades. Recent American administrations have all too often failed to understand that we can cope with common threats far more effectively by developing with our allies modest but unified responses rather than taking more far-reaching actions in which few other nations join.

VIII

Though the dependence of our European and Asian allies on Middle Eastern oil is far greater than ours, we still regard the area as our exclusive diplomatic hunting preserve. We have not even agreed with our allies—or even seriously tried to agree—on the nature and priority of our common interests in the area, nor have we clearly enough defined the priority of our own national interests.

During many centuries the strategic importance of the Middle East derived from its position athwart the main arteries of transport between Europe and southern and eastern Asia; then for a hundred years the protection of the Suez Canal became a central object of strategy. But during the closure of the canal following the 1967 Arab-Israeli war, merchants found it no longer indispensable, since with jumbo tankers they could continue to carry on essential trade on an economic basis. Today, the strategic importance of the area depends almost solely on one circumstance and one only—the geological accident that has placed the world's largest reservoir of oil under its desert sands. That defines America's prime strategic concern. We must concentrate not only on keeping the area out of the Soviet orbit, but must try, so far as possible, to assure the stability needed to discourage further upheavals that could threaten oil production.

In addition to safeguarding the world's oil supplies we have a special obligation as Israel's protector that is not shared by our European allies or Japan. American Presidents have for some years promised to assure Israel's territorial integrity and, though we have never formalized that commitment by treaty, we have repeatedly proved it by action. We saved Israel by our airlift during the 1973 war, we have invested enormous amounts of political capital to help settle Israel's quarrels with its neighbors, and finally we have provided it a volume of foreign aid (quite apart from American private sector contributions) that has, over the years, roughly equalled our total Marshall Plan assistance to the whole of Western Europe.

Yet, while assuring the integrity of Israel within its pre-1967

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borders, we cannot—without making nonsense of our avowed principles as a humane nation—condone or encourage injustice from a desire to compensate for injustices committed by others elsewhere at another time. In our diplomatic effort, therefore, we should have a single undeviating objective—to free the 1.2 million Palestinians in the West Bank and Gaza Strip from the twin aggravations of a 13-year-long, increasingly repressive military occupation, and a settlements policy that is progressively preempting the land and water supply of the West Bank's Palestinian inhabitants and forcing them to leave their native land.

Both logic and experience should now have conclusively demonstrated that a decent and lasting peace will be possible only through an arrangement that reconciles Israel's security with Palestinian self-determination, and that should determine the thrust and target of our diplomacy, not merely because it is essential to a rational Middle East policy that accords with our national interest but because it is just and right. Since civilized principles require that the Palestinians be directly represented in any negotiation to determine their fate, we must substantially revise and expand the current Camp David formula, frankly acknowledging that we will remain paralyzed until we break free from our self-denying ordinance not to negotiate with the Palestine Liberation Organization (PLO), the only agency the Palestinians recognize as their legitimate representative.

But if, as Israel's supporters are constantly pointing out, the Arab-Israeli quarrel is not the only source of our problems in the Middle East, neither should we confuse it with our prime strategic objective in the area. That objective is clearly to safeguard our oil supplies, and, while the settlement of the Arab-Israeli dispute is essential to the achievement of that objective, the strategic center of our concern—and the region of greatest importance to our national security and well-being—consists of the lands that lie well to the south and east of Israel where the nations surrounding the Persian Gulf produce at least half the oil needed by the noncommunist world.

Today the Gulf area is threatened as it has not been for decades by a revolutionary convulsion in Iran that could result in the ethnic fragmentation of the country or the emergence of a regime friendly to—or controlled by—the Soviet Union. In addition, no one can be sure that the Iraq-Iran war—which could continue for several years—may not spread south toward the mouth of the Gulf or precipitate attacks on oil fields or other sensitive targets outside the belligerent nations.

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Our Vietnam experience has vividly shown that we cannot effectively deploy our military power in an area where there is no adequate local power base to support it, and we would be severely hampered in trying to defend the Gulf area without close military cooperation with Saudi Arabia, which, together with the emirates and sultanates, comprises the whole western side of the Gulf. Only the Saudis can provide the access to well-placed and adequate military bases, the possibility of pre-positioning supplies close to the point of danger, the locus and facilities for sophisticated and effective surveillance, the central coordination of tactics and strategy needed to give credibility to an American response to any sudden and critical challenge.

Apart from Saudi Arabia's role in military defense, Saudi leaders can, by their political and economic decisions, uniquely influence America's economic well-being. No one but the Saudis can materially expand oil production to meet shortfalls; and, since the revenue needs of their tiny population are so low, only they can substantially cut production without affecting their nation's standard of living.

For many years tacit arrangements of mutual benefit have existed between Saudi Arabia and the United States. The Saudis have looked to America as capable of defending their country either from the Soviets or their own more radical neighbors, and they have also seen us as a principal source of technology and training needed to bring their country into the twentieth century. In recognition of their own responsibilities in a mutually beneficial relationship with the United States and other Western countries, the Saudis have pressed for moderation in the councils of OPEC and they are today mitigating the shortfall resulting from revolution and war by expanding their oil production to 10.2 million barrels a day. That action has proved a godsend for us since the Iraq-Iran war has reduced oil exports from the two belligerents by roughly four million barrels a day in addition to the five million barrels already lost as a result of the Iranian Revolution.

But today America's reputation for strength and constancy has declined in Saudi Arabia just as it has elsewhere in the world. Though, within the last two years, America has taken some concrete measures to show its determination and ability to defend the Gulf by twice deploying AWAC surveillance planes to watch over the area and by substantially augmenting its naval forces in the Indian Ocean, such spasmodic gestures have only partially overcome Saudi doubts and reservations. Far more persistent—and consistent—measures are required to offset the damage to

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Saudi confidence in America that has resulted during the past five or six years from a succession of disturbing incidents each of which has seemed to demonstrate our impotence, or vacillation—or at least the narrow limits of our power.

To an extent what has occurred is the destruction of the mythology of America's omnipotence, for it was clear to those who understood the country that the Shah's return to power in 1953 was a deceptive precedent and that he could never achieve a Third Coming against the sweep of a truly national revolution. Still our demonstrated incapacity to save absolute monarchies from internal upheavals—a matter of special concern to the Saudi hierarchy—heightened a sense of encirclement already created by Moscow's beachhead in Ethiopia and its growing activities in South Yemen. With the Soviet invasion of Afghanistan the Saudis felt that circle tightening—all of which made it particularly demoralizing when a band of fanatics seized the Grand Mosque in Mecca in late 1979 and by their action advertised to all the world the nation's lack of internal security. Today, while fearing the possible spread of the Iraq-Iran war toward the southern end of the Gulf, Saudi leaders worry that a distracted and disintegrating Iran might, in revolutionary hysteria, lash out with attacks on their oil installations or seek to stir up internal strife through the 200,000 Shi'ites in the eastern provinces where their oil production is located.

If the Saudis are disturbed by our inability to respond to menacing events, they are equally disturbed by our political activities in the area. They are irked by the Camp David accords and our pressure on them to support the accords, and, though they resisted that pressure, they have still suffered the fallout from the polarization of the Arab world, which forced their alienation from Egypt—their natural ally in moderation—and left them isolated with their radical Arab neighbors. Were America unequivocally committed to the defense of their interests and competent to sustain that defense, they would have quite a different attitude, but they have lost confidence on both counts. America, as they see it, is far too vulnerable to Israeli pressure to be counted on as a reliable ally. We have shown our political impotence by failing to come to grips with the Palestinian problem that is a source of festering anxiety throughout the area—particularly among the young for whom the PLO leaders are folk heros—and we Americans have ourselves denied our own defense capabilities—with even our own experts pointing out that the much-advertised Rapid Deployment Force could never deliver enough

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troops in time to counter a sudden attack on the Saudi oil fields or any other vital point in the Gulf.

It is hardly surprising that, given the shocks they have lately suffered and their growing doubts that their big brother, America, would—or could—ever get there in time, the Saudis should undertake to build defense forces of their own. Quite naturally they turned to America and, in May 1978, President Carter agreed to sell them 60 F-15s. The idea that anyone but Israel in the Middle East should have such planes affronted Prime Minister Begin's government and the Israeli lobby was unleashed to try to block the sale. That it was approved by the Senate by the narrow vote of 54 to 44 upset the Saudis, particularly since even that grudging result required assurances that the planes would have only limited reach and be deployed from fields out of range of Israel. Now, two and a half years later, as tensions and dangers mount throughout the area—with the collapse of Iran, the invasion of Afghanistan and most recently the Iraq-Iran war—the Saudis have asked us to sell them conformal fuel tanks and bomb racks that will extend the range and effectiveness of the F-15s so they can defend their huge country (equal in area to the United States east of the Mississippi) against attack from all frontiers. In addition they have indicated that they may wish to buy AWACs of their own as well as tanker planes.[4] Particularly sensitive to special-interest pressure in an election year, President Carter rejected the Saudi request. Unless he reverses that stand before January 20, he will leave the new President with a critical decision early in his term and quite possibly before his government has completed its shakedown cruise and is ready to function effectively.

The issue cannot be ignored or papered over, since the Saudi leaders have made clear that they regard it as the litmus test of America's willingness and ability to help them defend their country. They cannot, as they see it, depend for their arms on a nation whose supply decisions are determined by Israel's fiat. Moreover, since Israel's F-15s are, as they point out, already fitted with conformal tanks and bomb racks, they see the issue transcending military considerations and directly engaging their pride and honor. Were they to acquiesce in a negative American decision,

[4] The requested sale of aircraft equipment to Saudi Arabia is not to be compared with the massive arms sales we made to Iran. We sold military hardware to the Shah on the assumption that he would be the protector of the Gulf and we would stay out of it. If today the Gulf is to be protected we ourselves must pull the laboring oar, yet, to be fully effective, we shall need the cooperation of the Saudis.

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they could not defend their position against scornful attack and abuse from the leaders of other Arab states or even against the angry protests of the younger Saudi princes who are increasingly urging them to sever their close ties to America. Could they possibly collaborate with a nation that has enabled their tiny neighbor Israel to equip its F-15s with the extended range permitting it to attack Saudi Arabia and other Arab nations far from the Israeli homeland but has denied to their planes that same extended range which they feel they need for the defense of their own huge territory?

Since the issue has become a test of America's good faith intentions toward Saudi Arabia, it is presumably beyond compromise. The United States will either sell the Saudis what they feel they need for their defense or the Saudis will turn elsewhere. If we do not make it possible for them to extend the range of their F-15s they will cancel their order for the planes as not meeting their requirements; in fact they have already begun negotiations with France for Mirage 4000s as a substitute, and once that decision is finally made, they will look to France as their principal arms supplier and source of their military training and assistance. Since, as they see it, French military decisions will be made in Paris and not in Jerusalem—and the French are eager to cooperate—they have already begun the process of shifting; on October 14, 1980, they signed an agreement with France for $3.4 billion in naval equipment and training.

The cancellation of the F-15s, made in an atmosphere of disillusion and bitterness, would cut across the whole spectrum of our relations. For us that decision could have calamitous consequences, not only because it would make our defense burden more difficult but because, once relations were reduced to cold arms'-length dealing, the Saudis would no longer feel obligated to assist America to meet its oil needs in view of our refusal to meet their defense needs. On the contrary, because the Arab states other than Egypt hold the United States responsible for permitting Israel to disregard the Palestinian issue, the Saudis would be under almost irresistible pressure to use their only effective instrument of persuasion—their oil production—to try to force a solution of the West Bank, Gaza Strip and—ultimately—the Jerusalem problems.

There is no doubt that the Saudis have the capability to wield the oil weapon with cruel effect—and selectively. They produce one third of all OPEC oil; government-to-government deals are becoming increasingly common, and, having taken over ARAMCO,

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the Saudi government is in a position not only to reduce production but to direct the flow of its reduced production to serve its own political advantage by giving preference to those nations that help it the most.

In reducing production the Saudi leaders would meet no resistance either from other Arab states or from the home front; on the contrary, their current policy of maintaining high levels of production to accommodate world oil needs is unpopular in both quarters. Other Arab oil-producing countries would welcome a diminished oil flow from Saudi wells since it would force an additional price increase. Western-educated members of the royal family now in their thirties and forties, who control significant government ministries, as well as young technocrats in positions of growing influence, contend with forceful logic that, rather than building up excess financial reserves that lose value from inflation and currency fluctuations, Saudi Arabia should keep more of its depleting oil resources in the ground for posterity. Those sentiments are shared not only by the Saudi military leaders but also by the more puritanical Wahabi members of the royal family, who see excess oil production—and hence excess revenue and development projects—as a primary source of corruption.

To point out the dangers of a politically motivated production curtailment is not alarmism but a realistic appreciation of our predicament, for which we have only ourselves to blame. Failing for seven years to act incisively to reduce our dependence on Middle East oil, we have let power shift out of our hands. Distasteful though it may be, we would be reckless indeed if we did not recognize where that power now resides.

The precious advantage possessed by any new administration of being able to alter the policies of its predecessor without an implied confession of error is evanescent; unless the opportunity is promptly exploited, old patterns will once more be frozen into bureaucratic rigidity. Thus it is urgent that President Reagan proceed quickly to face the reality of America's progressive enfeeblement in the Middle East and deal directly with the underlying causes of our predicament. That requires two major actions.

First, he should set at rest Saudi doubts as to our good-faith concern for their security interests by approving the sale of the tanks and bomb racks. By lucidly explaining the hard facts and implications of the situation he should be able to gain the approval of a Republican-controlled Senate without too much difficulty.

Second, he should recognize that the Camp David negotiation as now constituted is an engine unconnected to any driving

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wheels. The West Bank is getting more restless daily, and unless ways and means can be found for direct Palestinian representation in the renewed negotiations the area will burst into flames. As ever-increasing violent incidents on the West Bank are countered by escalating Israeli repression—which is the mode now prevailing—the more moderate Arab states will not only be driven toward increasingly radical and anti-American positions, but the resulting tension and crisis will dangerously enlarge existing fractures in the structure of the Atlantic Alliance. European discontent is already feeding on the well-founded conviction that we have so excessively mortgaged our diplomacy to Israel as to disable ourselves from continuing in our position as prod and catalyst in seeking a Middle East settlement.

Desperately dependent as they are on Arab oil, European nations dare not—and will not—accept a protracted Middle East deadlock. They fear with reason that a violent outburst in the West Bank would almost inevitably generate forces compelling the leaders of the moderate Arab oil-producing states to institute an oil embargo or a production curtailment. Since for Europe that would mean economic disaster, European leaders are preparing to break ranks; the nations of the European Community are already intensively discussing diplomatic initiatives of their own. Unless the Reagan Administration demonstrates the ability to make a hard-nosed diagnosis of our national self-interest and a willingness to free itself from the clichés and concessions that now constrict our diplomacy like a net, we shall forfeit our ability to guide and direct the search for peace in the Middle East, leaving that task to nations which define their own self-interest in much less spacious terms. That would be a staggering blow to America's authority and to the mutual confidence that is the indispensible glue holding the Western democracies together.

Still it is possible that developments now in progress might provide the Reagan Administration with a new opportunity to develop a compromise approach—provided both that it is prepared to act incisively and that the forthcoming Israeli elections produce a less expansionist and doctrinaire government than the one in power. At a time when the prestige of the PLO is at a low ebb with the failure of its mediation efforts, its alignment with the Iranians and Syrians, and its internal dissensions, King Hussein, by helping the Iraqis, has reestablished his pan-Arab credentials. Thus there is a chance that subtle American diplomatic encouragement might bring about a de facto modification of the October 1974 Rabat decision designating the PLO as the exclusive voice for

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the Palestinian interests, so as to make it possible to add to the negotiation a Jordanian delegation that could include some moderate PLO representatives.

IX

I have dwelt at length on our problems in the Middle East not only because of their intrinsic importance but also because our conduct of Middle East diplomacy is another major factor that can, if we are not careful, contribute to tearing apart our already badly tattered relations with Western Europe and Japan, which are the principal concern of this article. Relations among the members of NATO are by no means a model of health and vitality; indeed what we like to call euphemistically "misunderstandings" have all too often disturbed the easy flow of events.

Another substantive area in which we have so far exercised a diplomatic monopoly is in strategic arms limitation talks with the Soviet Union. While, in principle, West Europeans favor such negotiations as an encouragement to détente and peace (the smaller animals are happier when the lions stop quarreling), some fear still persists that the superpowers might someday conduct their bilateral talks at European expense. Though the major European nations have clamored to be kept informed as to the progress and substance of the talks, they have recognized their lack of serious standing as negotiating partners.

Still, Europeans were appalled by the failure of the President to obtain the Senate's ratification of the SALT II treaty, particularly since such a failure would have been highly unlikely under the parliamentary systems of most European countries. How could the Senate reject a treaty patiently negotiated over seven years by three administrations? Was not this further evidence that the vaunted American political structure had become outmoded or so imprudently reformed as to render the United States impotent to continue as Western Europe's exclusive agent in world politics?

These remain major preoccupations as our allies wait for further indication of the Reagan Administration's policies and the Soviet reaction. If the Soviets should invade Poland, any new negotiations would certainly be put off for an indefinite period. Even if new talks were to begin, we could not assess their probable chance of success until we could study the new demands Moscow would almost certainly make.

Meanwhile the new Administration will probably go forward with the nightmare construction of the MX missile site, leaving

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archaeologists a millennium hence to bizarre speculations as to what exotic religious rites inspired the scarring of hundreds of square miles with a most eccentric system of works and tunnels with no possible utilitarian purpose. Could it have been related to the Day of the Great Explosion when Americans and Russians blew one another up?

Just as our West European allies are questioning our competence—political, economic and military—Asian leaders are expressing the same doubts in a more muted way. The current Japanese condescension toward America results in large part from a feeling of glee that they are beating America at its own game of industrial efficiency. Although Japan is more dependent than America on imported oil and lacks indigenous raw materials, some Japanese products still show superior competitiveness in world markets and, indeed, in key sectors of the U.S. market itself. Moreover, the Japanese can—and do—cite statistics to demonstrate their edge in industrial efficiency—a far greater annual increase in productivity, fewer man-hours needed to produce comparable products of even higher quality, and more effective marketing. At the same time, the country has controlled inflation, achieved substantially full employment, maintained wage levels not far below those of the United States—or in a few sectors even higher—and increased the value of its currency. All this has given the Japanese a self-confidence in economic matters that is now beginning to show itself in a greater political self-confidence.

Though they look forward to a growing relationship with Beijing and a major share in the development of the potential of China's promising market, they are constantly reminded of the Soviets' expanding military reach as Soviet war vessels cruise just outside Japanese waters. Can they any longer rely exclusively on America, whose strength, grasp and will seem to be weakening?

Any temptation for Japan to seek improved relations with the Soviet Union is, for the moment, discouraged by Moscow's surly insistence on maintaining possession of—and even militarizing—certain Kurile Islands seized during the Second World War. Many thoughtful Japanese feel gratitude to the Soviets for their bone-headed obduracy, since their retention of the islands effectively disables the Japanese Left. But doubt is increasing that American protection would be fully adequate against the growing Soviet military threat. These doubts gained increased currency when the United States found it necessary, for a brief period during the crisis of last January, to redeploy both carriers from the Seventh Fleet to the Indian Ocean.

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Meanwhile, Japanese-American relations are vulnerable not only to a resurgent protectionism but to resentment flowing from the disparity in military expenditures. At a time when the United States is reluctantly increasing its defense appropriations while trying in other areas to trim the national budget, it will hardly pass unnoticed that Japan, in spite of its spectacular economic success, is spending not much more than one percent of its gross national product on defense as against something in excess of six percent for the United States. Should it continue to have a free ride while American industry suffers its intensive competition? That is a rhetorical question tailor-made for demagogues.

In anticipation of such an attack, the Japanese are today beginning their unique but ponderous practice of building a consensus for larger defense expenditures that could result in a gradual change of its policy—and even of its constitution—within the next few years. They are asking fundamental questions. Should Japan continue to depend almost completely on America for its defense? Should the Japanese develop a capability for self-defense, stopping short of nuclear weapons? Or finally, should they seek to play some role in area defense?[5]

In view of the fact that it has been 35 years since the Japanese surrender on the battleship *Missouri*, a more substantial political and military role would seem to be not only appropriate but essential—and there is evidence that, rather than creating problems for Japan's neighbors in the Pacific, many of them would welcome increased Japanese strength—at least in the immediate area. After all, West Germany now has the largest army in Europe outside the Soviet Union and Turkey, and the Federal Republic's western neighbors have taken it in stride. But West Germans rearmed within the context of the highly developed collective security system of NATO, and there is nothing comparable to it in the Pacific. Thus the problem is not likely to be solved overnight but by an evolutionary process that permits a slow emergence of increasing regional consciousness and solidarity.

The major imponderable in our relations with Asia as well as with the Soviet Union is, of course, China. Have recent years been merely an aberrant interlude? Will China again revert to political chaos or adhere to the norm of political stability and relative

[5] If the Japanese are reluctant to build a defense capability of their own because of history and constitutional restraints, they might provide weapons for the United States under some application of the Lend-Lease principle. I proposed early in 1980 that they build and lend-lease us two carriers for use in Japanese waters. Though the suggestion was widely discussed in Japan, nothing came of it. See *The Washington Post*, February 5, 1980.

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constancy of policy that, until four decades ago, marked its millennia of history? Though America has no choice but to shape tentative policies on the assumption of the latter answer, no one can be sure. Meanwhile, we should continue, as we have been doing during 1980, to perfect trading and working relations with China, pursuing with Beijing parallel courses when that coincides with our interests but rigorously avoiding any suggestion of an alliance relation that would freeze us into a continuing confrontation with the Soviet Union and associate us with the unpredictable vagaries of Chinese policies. And, above all, we should rigorously abjure further sophomoric talk about a "China card."

x

The year 1980 may well be recorded in the history books—if people ever get back to reading history again—as the 12 months that brought us face-to-face with the fragility of our world situation. Ever since the Second World War we Americans have been conscious of a large cushion of resources that has enabled us to absorb serious mistakes of judgment and strategy. But that cushion no longer exists and we dare no longer act recklessly or irresponsibly. If we are to hold together our alliance in Europe and maintain our relations with Japan and other nations in the Far East, we must not merely restore confidence in our defense capabilities and abjure unilateralism but pursue clear and steady lines of policy that will reestablish the world's faith in our judgment.

In any retrospective piece of modest length it is obviously impossible to address all—or even a major part—of America's foreign policy problems and world relationships, and I am being highly arbitrary in writing of the events of 1980 without discussing Africa or the Third World or commenting on Asia without mentioning the new—and possibly dark—problems created by a change in command in South Korea. Nor should my omission of any serious discussion of the nations of the Western Hemisphere be interpreted as implying that our relations with those nations are less troubled or potentially less dangerous than our relations with our Western allies and Japan. We Americans do not yet have the vaguest conception of how we will be able to live harmoniously next door to a Latin America where almost two-thirds of the population is now under the age of 25, where, in 20 years there will be 600 million people, and where increasing thousands of young men and women will clamor for jobs that their countries

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can never provide—and will seek escape from hopelessness through illegal emigration to the United States. Certainly Mr. Carter's ill-considered bravado in admitting 100,000 Cubans during 1980 should have alerted us to the need to plan ahead, in close consultation with the nations to the south, instead of fretting mindlessly about the illegal aliens already in the country. History has shown often enough that a nation's cultural and political integrity can be frittered away in a generation, and a politically squalid encouragement of indigestible voting blocs can destroy our national cohesiveness before we realize what has happened to us.

I have chosen to put the principal emphasis of this article on Western Europe and Japan because, in my view, the deterioration of our role as leader of the non-communist world in which they play a significant part could have a disastrous effect on the East-West balance, which, whether we like it or not, still remains the central element in the prevention of world disaster. If the new Administration is prudent and even moderately courageous, it will act incisively to deal with some of the issues I have outlined. What then will that require?

First, if our country is to maintain the confidence of its friends and allies—including the nations of the Persian Gulf as well as of Western Europe and Japan—we must promptly restore the effectiveness of our conventional forces. We can do that only by exorcising the myth of the volunteer army and reinstating some form of selective or national service. That one step would do more than any other to restore confidence in America.

Second, we must recognize the crisis nature of the energy problem and the degree to which we live under a lethal sword that could drop at any time. Let us not be misled by the projections of future oil supplies made by oil experts, economists or statisticians, that include only the factors they can quantify. Today, the triple threats of the political use of oil production, political instability and war can make such projections meaningless.

If the Soviets should gain a position in the Gulf area that would enable them to influence the oil policies of major producers, the Western alliance would be subjected to intolerable strains. The United States would, of course, find itself better placed than most, since we have oil under our own soil, but that is not true of the nations of continental Western Europe, and we could do little to prevent them from engaging in a mad stampede to make their individual deals with Moscow—and on Moscow's terms.

Can anyone doubt that would mean the death of the alliance? It would without question be "a heavy time."

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Robert G. Kaiser

U. S.-SOVIET RELATIONS: GOODBYE TO DÉTENTE

After the events of 1980 the Soviet Union and the United States both must come to terms with new versions of each other. American hopes for a more reasonable, more conservative Soviet Union finally collapsed, replaced by a new eagerness to contest the Soviets for military superiority and global position. The Soviet leaders discovered both the exhilaration and the pain that accompany the dramatic and unexpected use of power; they were also reminded of the recurring dilemmas that beset any nation that manages a restless empire.

Recent Soviet-American relations can now be divided neatly into two historical periods, both of them ended. The first lasted for a quarter-century after World War II, and was typified by what the Soviets called—disdainfully but also enviously—American diplomacy from a "position of strength." During those years the United States was unmistakably the stronger power, but somehow its superior strength did not create a satisfactory Soviet-American relationship. Then in 1972 the policies of both nations changed. The United States decided to grant the Soviets at least the symbolic status of equal superpower, and that was the beginning of the second period, labeled "détente." In 1980 both countries decided that it, too, was unsatisfactory, so they terminated it.

The significance of 1980 is indisputable, if also still indistinct. The Soviet invasion of Afghanistan, the workers' uprising in Poland and the election of Ronald Reagan to the American presidency have together caused a sharp break in the continuity of events. They have also created a good opportunity for reflection on what has happened and what is to come.

II

If the period of détente ended in 1980, the origins of its demise go right back to its beginning in 1972. This is not the place for a history of these eight years, but a few general points seem apt.

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Most important, it is now clear that the Soviets and Americans never held compatible ideas about why détente happened or what it was meant to bring. The image of the relationship that Henry A. Kissinger articulated for the United States was of a web of interrelationships that would tie the superpowers together, maximizing cooperation between them while discouraging uncontrolled competition. In effect this was a new approach to a traditional American dilemma: how to "contain" the Soviet Union.

In the Soviet perception the beginning of détente was irrefutable proof that the "correlation of forces" in the world had shifted to the Soviet Union's advantage. For the Soviets détente was meant to provide not just the appearance of superpower equality, but the reality too. The idea that the United States and the Soviet Union could some day share responsibility for managing the entire world, perhaps even divide it up between them, appeals enormously to Soviet leaders. Originally, détente looked in Moscow like a first step toward just such an arrangement.

In May 1972, when Richard Nixon went to Moscow to formally inaugurate détente, the Soviets could be excused for thinking that they were gaining something (full superpower status) because the Americans were losing something (global superiority). Typically, the Americans tended to take a short-term, pragmatic view of what was happening. They saw that Soviet power was catching up with American power; they saw in Vietnam that "position-of-strength" geopolitics was not working as well as it used to; so they cooked up a new approach. But the Soviets took a longer term view. They regarded the beginning of détente as a vital stage in the evolution of Soviet power—the moment when no other nation could claim decisive superiority over the U.S.S.R.

As for the idea of containment-by-web, it was no more acceptable to the Soviets than any earlier form of containment. And the proposition that the Soviet Union should be more restrained at a time when its power was clearly on the ascendancy than it had been when its power was clearly inferior defied logic, or at least defied Russian logic.

On the other hand, of course, the Soviets had short-term goals that they hoped the détente relationship (as well as improved relations with Western Europe) would help them achieve. Many of these goals were economic; they sought both technology and capital to overcome the chronic bottlenecks in the Soviet economic system that the Soviet leadership was unwilling to address with internal reforms. Other goals were political, first of all a reduction

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of tension on the Soviets' western flank at a time of great difficulty in relations with China. Arguably it was Soviet fear of China and Chinese-American rapprochement that got the whole thing going in the first place.

In pursuit of these shorter term goals the Soviets were willing to moderate their behavior and make unprecedented compromises. They began to let large numbers of Soviet citizens emigrate; they welcomed unparalleled intercourse with the outside world that permitted tens of thousands of Soviet citizens to have direct dealings with foreigners; they stopped jamming foreign radio broadcasts in Russian and stopped describing the capitalist West in their propaganda as hopelessly retrograde, degenerate or fascist. They even offered some help to the United States in its efforts to negotiate a settlement of the Vietnam War.

Moreover, individual Soviet officials were susceptible to the comforts—both physical and psychological—that accompanied détente. Leonid I. Brezhnev clearly loved his summit meetings in Paris, Bonn and Washington, just as lower ranking Soviet officials thrived on the new acceptance they found in Western capitals. A Soviet bureaucrat who could bring home blue jeans and the latest LPs from the West was a hero to his family and his entire circle of friends. This détente business was fun.

For these and other reasons, the bloom of détente did not entirely fade, even under the strains imposed by events like the Yom Kippur War of 1973 and the unprecedented use of Cuban troops to enforce Soviet policy in Angola in 1975. But the ultimate collapse of the Soviet-American détente that was born in 1972 was predictable because of the fundamental contradictions and expectations for their new relationship. Indeed, unless the two could have found ways to resolve those contradictions as the relationship developed, the demise of this Soviet-American détente was probably inevitable.

III

So the period of Soviet-American détente has passed. But it has not simply evaporated. During the eight years that it lasted the world was radically altered. Pre-détente, pre-1972 conditions could not be resurrected even if both parties wanted them to be. Even a partial list of the changes that occurred in those eight years suggests how profoundly different today's situation is:

1) In 1972 the Soviet Union was still essentially a closed society, still cut off from most outside influences, still living largely in the isolation that Stalin established. Today that description no longer

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applies; Soviet society is much more open than it has been at any time since the 1920s.

This is the cardinal change of the détente period. It is not irreversible, nor does it guarantee a different sort of Soviet Union in the future, though that is certainly likely. But there are new expectations in Soviet society now, and the West is vastly more knowledgeable about that society too.

The disintegration of many of the major "secrets" of Soviet society is an intriguing development, too little analyzed. Thanks to the revelations of Aleksandr Solzhenitsyn and a long list of other writers, thanks to the information provided by hundreds of thousands of new emigrés, and thanks to the increasing ability of journalists and scholars to penetrate the false facades of Soviet life, we can now really understand a great deal about what is going on inside the U.S.S.R. We know now what the basic priorities of the Soviet leadership are, and after accumulating 16 years of evidence during the Brezhnev era, we can see clearly how these Soviet leaders have decided to allocate their resources. We can even see how external events (the workers' uprising in Poland in 1970 is a vivid example) have pushed the Soviets into new policies, and then how inertia or renewed self-confidence have brought them back to their earlier path. We can follow internal events quite closely; when an important official is promoted or demoted, the reasons are usually not impossible to divine. We know in detail how weak the Soviet economy is, and why. We know now how the hierarchical system of privileges has built a huge new elite that manages Soviet society and helps to keep it stable. We know (thanks not to new human sources, but to the wonders of the electronic age) a great deal about the workings of Soviet defense industries, the development and testing of Soviet weapons, and the deployment of Soviet forces. It is still commonplace to describe Russia as a mystery, but in fact the mystery is largely solved. We despair at our inability to predict what will happen *next* in the Soviet Union, but if that were a basis for declaring the entire society a mystery, what would we call the United States?

At least equally important, Soviet society has been significantly infected with the foreign influences that Stalin worked so hard to obliterate. Every major Soviet university and institute now has on its faculty scholars who have traveled in the West, including many who have worked for extended periods in Western universities. Forbidden books, often typed and retyped privately, circulate throughout the country. Rare indeed is a serious young Soviet

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intellectual who has not read Solzhenitsyn's *Gulag Archipelago*, for example, a work that raises agonizing questions for any thoughtful Soviet citizen. Some of the most popular literature in the Soviet Union today is written by the dozens of writers who emigrated to Israel and the West during the 1970s, creating a Russian culture in exile whose fruits quickly return to the homeland.

Soviet young people crave blue jeans and rock music, while their elders try to ape the latest Western fashions. Western radio broadcasts in Russian became a regular part of the daily routine for tens of millions of Soviet citizens during the 1970s, and the irregular resumption of jamming of those broadcasts in 1980 has not broken the habit.

None of this promises a new Russian Revolution, but it does guarantee the growing significance of both consumerism and cynicism in Soviet life. Moreover, new conditions of life are creating a whole new set of expectations among the younger generations. The events that shaped the modern Soviet Union—collectivization, the terror of the 1930s, World War II and recovery afterward—are slipping out of the collective national memory. Soviet citizens who will turn 40 during the 1980s are too young to have any strong personal recollection of the war or Stalin. They have lived through an extended period of peace and prosperity, and have personally experienced a revolution (albeit now a stalled revolution) in Soviet living standards. Capitalist encirclement strikes this generation as much less of a problem than the inadequate supply of meat or the chronic unavailability of coffee.

2) Just as Soviet society is no longer closed, the Soviet economy is no longer self-sufficient. This generation of Soviet leaders has decided (perhaps after careful consideration, but probably not) to abandon the Stalinist goal of economic autarky. The Soviet economy is now significantly intertwined with the world capitalist system. The Soviets are heavily dependent on the West and Japan for modern technology and the credits to buy it. Western markets and credits sustain the economies of the Soviet satellites in Eastern Europe. Economic bad times in the capitalist world mean bad times inside the Soviet empire, too.

The end of Soviet autarky is probably as significant for its sociological as for its economic implications. Like the general opening up of the society, this change tends to encourage a sense of Soviet participation in a larger world which may eventually have real influence on Soviet thinking.

3) The balance of military power has shifted significantly in the Soviets' favor, permanently ending the era of decisive American

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military superiority. This change has deeply shaken the United States. Americans are uncomfortable at the thought of a world in which America is not predominant. The idea that America should naturally be by far the world's strongest military power took hold in the United States with remarkable speed and force during and after World War II. Future historians will likely be stunned by the inability of contemporary American politicians to discuss frankly just how abnormal the period of great American superiority was, and how relatively easily a determined power like the U.S.S.R. could force the United States to choose between an endless, endlessly costly military competition and a world of more equally shared influence.

Soviet determination, including a willingness to maintain extraordinary levels of military spending over many years, has indeed enabled the Russians to catch up. The Soviets are still feeling their way toward the posture they want to adopt with their new power. They clearly do not feel quite as powerful as some American commentators believe they should, perhaps because they have a more vivid sense of the potential dangers they face than those Americans. On the other hand, they do feel much more confident than ever before. The invasion of Afghanistan was one monument to that confidence.

4) Conditions in Europe, both East and West, changed considerably during the 1970s in ways that will continue to influence Soviet-American relations. Western Europe prospered, and developed increasingly elaborate economic relationships with the Soviet Union and its satellites. West Germany, particularly, became much more confident about conducting its own independent diplomacy. The West Europeans now perceive their own interests in their relations with the Soviet bloc as separate from American interests.

The East European countries moved significantly closer to the West during the 1970s, with obvious exceptions. Controls over the populations of Hungary, Poland and East Germany continued to loosen. The standard of living throughout Eastern Europe rose, most sharply in East Germany and Hungary. East European debts to Western banks increased markedly, and the East Europeans significantly increased their dependence on trade with the capitalist world. However, East European dependence on the Soviet Union for energy supplies was also reinforced.

5) The world energy crisis created a new factor in East-West relations. The Organization of Petroleum Exporting Countries' oil cartel quickly became a considerable power. As the era of

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domestic self-sufficiency disappeared in America and began to draw to a close in the U.S.S.R., OPEC's oil became increasingly important to both superpowers and vital to the United States and its allies. In the 1970s oil became the principal consideration of geopolitics for the Western powers. And OPEC became a potentially destabilizing international force.

The 1970s also brought important changes in—or revelations about—domestic conditions inside both the Soviet Union and the United States that affect Soviet-American relations.

Ironically but indisputably, the 1970s demonstrated the frailties of the Soviet economic system, and suggested that the Soviets will have a hard time coping with the 1980s. During the 1970s all the important graphs charting Soviet economic progress flattened out or turned downward: total production, labor productivity, marginal utility of new investments, etc. The birthrate in European Russia approached zero population growth. Technological innovation lagged, and squandered investment resources became an increasingly discussed national scandal. Most significantly, agriculture failed to develop to meet the country's growing needs, and repeated disastrous harvests forced the Soviets into the world grain market, which suddenly grew tight once again in 1980.

The Brezhnev era began in the mid-1960s with a serious attempt at internal economic reform. It failed, and none has been made since. Historians will record that Brezhnev presided over a great increase in Soviet geopolitical power, but he also presided over the total failure to put the Soviet Union into the computer age, so that to this day only the highest priority enterprises make any use of the electronic miracles of the age. He presided over the stagnation of the great bureaucratic monster that keeps the Soviet state in operation, the State Planning Commission and its tentacles. In many areas the Brezhnev era will be remembered only for muddling through.

Arguably, an honest and thoughtful Soviet leader surveying his world at the beginning of the 1980s would have to be deeply frustrated. In some ways things have gotten so much better, but in others so much worse.

The era of Soviet-American détente also demonstrated a basic fact of modern American life from which Americans can draw no comfort: in these eight years the United States showed how incapable it now seems to be of conducting a sustained, intelligent and purposeful foreign policy. From the American side, the history of détente is largely a history of confusion, disarray, self-deception and self-inflicted diplomatic wounds.

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In a book published five years ago this writer argued that because Soviet weaknesses were so great and the West's resources so formidable, the fact that the U.S.S.R. was indeed becoming a global power was no reason for the West to despair.[1] If this argument had merit, it was only in principle. In fact, the United States has repeatedly proven itself incapable of consistently and intelligently exploiting either the grave weaknesses of the Soviet Union or the vast resources of the "free world" it purports to lead. As a consequence the emergence of the Soviet Union as a veritable world power has rightfully become a source of genuine concern, if not despair.

Instead of calling forth a strong, clear American policy, détente became a political pinball bounced off of countless independent points of power and interest in American society. Captains of American industry mistakenly perceived vast new opportunities for Soviet-American trade in an era of détente, and rushed ill-advisedly into grandiose deals that rarely turned out as intended—if at all. A powerful lobby developed that sought to use the leverage offered by détente for the benefit of unhappy Soviet Jews, a cause that proved irresistible in Congress even when it conflicted with basic diplomatic interests. Staunch conservative elements interpreted détente as a sellout, and used this French term as a pejorative oath to attack politicians they disliked. Watergate and the collapsing American position in Indochina became engrossing distractions that worked against the success of détente diplomacy.

None of the three American Presidents of the détente era managed the new Soviet-American relationship well. First Kissinger and Nixon raised unrealistic hopes for a "generation of peace," burdening détente with baggage it could not carry. When Watergate began to undermine his presidency, Nixon tried to turn détente into a shield that might help protect him, a ploy that probably discredited the underlying policy with the public. Gerald Ford, sensing his vulnerability to the right wing of the Republican Party, made a show of dropping the word détente. At the beginning of 1976 he decided to freeze the SALT process for his own political purposes, thus probably missing the best chance to get a SALT II treaty. Jimmy Carter could never choose between the fundamentally different policies toward the Soviet Union that Zbigniew Brzezinski and Cyrus Vance urged on him, so he tried (with predictably unhappy consequences) to pursue them both, simultaneously or alternatively.

[1] *Russia, The People and the Power,* New York: Atheneum, 1976.

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While the American side floundered, the Soviets had a run of good fortune. They exploited the Cuban surrogates gambit to the fullest; they watched with some satisfaction as the Shah of Iran collapsed, transforming the situation in the Persian Gulf; they stood by and inherited the benefits of a raucous American debate which suggested to the world that the Americans suddenly considered themselves a second-rate power. They threw themselves into conflicts from Vietnam to Afghanistan to Ethiopia with a new boldness, and had the good luck to keep out of serious trouble in all these far-flung adventures.

This combination of Soviet successes and American failure jolted American self-confidence. The spectacle of American hostages held in Iran beyond the reach of American power, and then the botched mission to try to save them in April 1980, aggravated the growing sense of inadequacy. Polls of Americans during 1980 showed startling changes in perceptions of their country's relative power and standing in the world. Increasingly Americans began to think that the Soviet Union had become the world's predominant power, a thought that angered them. The consequences of this new public mood were quickly evident in Congress, where in a matter of a few months during 1980 the traditional skepticism about defense budgets disappeared, and the House and Senate began to compete with each other to see which could raise the Pentagon's budget further faster.

A well-managed, coherent and consistent American policy from 1972 to 1980 could have done a great deal to make the situation of 1980 more acceptable to the United States than in fact it was.

IV

There were five developments during 1980 that bore on Soviet-American relations and deserve mention here.

The first and much the most important was the Soviet invasion of Afghanistan, an event comparable to the U-2 incident of 1959, the Berlin Crisis of 1961, or the Cuban Missile Crisis of 1962 in terms of its impact. Until the invasion of Afghanistan a case could be made that the two superpowers were keeping their détente afloat, if only by a lot of huffing and puffing. In fact the situation was bad long before the invasion, as Marshall Shulman in the State Department and many experts outside the government were saying during the last half of 1979.[2] The invasion turned a bad

[2] See, for example, Strobe Talbott, "U.S.-Soviet Relations: From Bad to Worse," *Foreign Affairs*, "America and the World 1979," pp. 515–539.

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situation into a crisis, and jarred the United States into a fundamentally new posture.

The Soviet move into Afghanistan was without precedent. From 1948 until December 1979, a combination of self-restraint and respect for other powers had persuaded the Soviets never to use their own military forces to annex new territory outside their internationally recognized postwar sphere of influence. With the invasion of Afghanistan that system of restraints ceased to work. Yes, Afghanistan was a unique country; none other was in a comparable situation vis-à-vis the Soviet Union. Yes, there was an argument to be made that the 1978 Marxist coup in Afghanistan had persuaded the Soviets that this mountain kingdom on their border now was part of their sphere of influence; perhaps it had. Nevertheless, there was no avoiding that essential fact. The Soviets had broken a long-standing rule.

Why did they do it? Partly to show off their new military capabilities, and the new self-confidence those capabilities have created. For 35 years the Soviets endured periodic displays of American military force and mobility without any equivalent response. The Americans had established the ability to apply military force outside one's own territory as a measure of superpower strength, and the Soviets had already demonstrated eagerness to compete in this arena with their airlifts of military supplies to Egypt in 1973 and to Ethiopia in 1977–78. Afghanistan provided an opportunity for a more significant demonstration of Soviet power, a fact that probably encouraged the Soviet military to favor intervention.

But there had to be a political justification for moving into Afghanistan. The most important one, probably, was the feeling in Moscow that the alternative to invasion—the increasingly likely collapse of a new client regime on the Soviet border—was politically unacceptable. "The armies of socialism march only in one direction," a Soviet official who was himself unhappy about the invasion explained after it occurred. In other words, it was inadmissible that a self-described Marxist-Leninist state adjoining the U.S.S.R. could be allowed to revert to feudalism or "capitalism."

The source of this attitude is not mystical or ideological, but eminently practical. The Soviet leaders are determined to avoid precedents that might encourage any segment of their empire—either the non-Russian nationalities within the U.S.S.R., or the peoples of Eastern Europe—to hope that they might someday break away from Soviet domination. Allowing the regime of Afghan Prime Minister Hafizullah Amin to collapse might have

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been seen in Moscow as just such a precedent.

Before deciding finally to go into Afghanistan, the Soviet leadership had to weigh the costs that invasion might entail. Here the evidence is strong that they miscalculated the international repercussions.

No doubt encouraged by the vague signals coming from Washington, the old men in the Kremlin apparently did not expect the sort of American reaction they got. After all, Jimmy Carter just weeks before had declared the presence of a Soviet combat unit in Cuba unacceptable, then proceeded to accept it. Earlier, the Soviets must have felt, American vacillation over Cuban operations in Angola and Ethiopia indicated declining American interest in such matters. Indeed, the Americans had accepted Nur Mohammed Taraki's coup in Afghanistan in April 1978 and then the murder (in February 1979) of their Ambassador in Kabul, Adolph Dubs, with surprising equanimity. So the Soviets probably expected loud complaints but little of substance from the Americans when they went into Afghanistan to save the regime of Taraki's successor. But as it turned out, their invasion at the end of December 1979 scared the United States, provoking a basic change in the tone of American security policy.

The invasion mobilized the Carter Administration. The President told an interviewer that the Soviets' aggression "has made a more dramatic change in my own opinion of what the Soviets' ultimate goals are than anything they've done in the previous time I've been in office." (Later, apparently realizing that this remark sounded naïve, Carter denied having made it.) Within weeks Carter set out a tough policy of concerted response: a declaration of vital American interests in the Persian Gulf; a partial embargo of grain and high technology sales to the U.S.S.R.; acceleration of plans for a new Rapid Deployment Force that could operate in the Gulf region; and a boycott of the Moscow Olympics. The President had strong political support for all of these moves, though Ronald Reagan and all of the other Republicans save John Anderson who were running for President last January immediately attacked the grain embargo, apparently to woo Iowa farmers who were then about to vote in state caucuses.

While the basic line of American policy was drastically altered, the balance of influence within the American foreign policy establishment shifted decisively toward the hardliners. Significantly, there were no public apologies and few sympathetic explanations for the Soviet invasion of Afghanistan from American specialists or politicians. The argument that the Soviets were

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really not aggressive, and were really interested in a stable détente relationship—an argument made by many during the détente period—simply disappeared. Indeed, this school of thought may prove to have been the principal political victim of the invasion.

When the Soviets realized that they had caused an international furor much stronger than they had expected, they reacted bitterly, if also typically. Dr. Freud could have had the Russian nation in mind when he devised his theory of projection. Our fault? How could this be our fault? Clearly the Americans were to blame for the unhappy change in the international atmosphere brought on by the Soviet Union's fraternal help for the people of Afghanistan. This was the Party line, and because it so suited the national personality, a great many Russians obviously accepted it. Like people everywhere the Russians are gifted at presuming their own benevolence. If they were blameless, as of course they must be, then surely someone else was to blame. The most obvious provocateur of the international outrage against the Soviet invasion was Jimmy Carter; so Carter must have been to blame.

Alton Frye of the Council on Foreign Relations met the essential Soviet reaction personally in a conversation with a Russian diplomat in Washington. The diplomat acknowledged that the Soviets might have miscalculated the consequences of the invasion; he acknowledged that it had done more damage to Soviet-American relations than expected. "And," this Russian added with emphasis, "I'm glad we did it." His anger neatly conveyed Soviet pride and the Russian inferiority complex hopelessly mixed up together.

The American reaction to Afghanistan surely stung the Soviets, though to what ultimate effect remains to be seen. The Moscow Olympics turned into a sullen event, one that failed to fulfill the national expectation for an international festival that could symbolize Soviet acceptance in the community of nations. Many ordinary Soviet citizens took the cue offered by official propaganda and outwardly blamed this on a bellicose American policy, but the true public reaction is surely more complex and harder to detect.

Much has been made of the fact that the American grain embargo did not actually deprive the Soviet government of great quantities of grain, but this seems to be too narrow an analysis. President Carter's demonstration of American willingness to link grain sales to general diplomacy must have had a deep impact on Soviet leaders, who previously assumed that the laws of capitalism required Americans to sell them grain regardless of political

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considerations. The upshot is more likely to be greater Soviet efforts in agriculture than moderated foreign policies, but either alternative can serve ultimate American interests. Moreover, if the Reagan Administration maintains the embargo through 1981, a year of tight international supplies and huge Soviet needs for imports, it will have a very substantial impact. Even in 1980 the food situation in the Soviet Union was bad, and the Soviet public knew that America had cut off large sales, so in that straightforward manner the embargo had an impact.

Given the harsh American reaction to the invasion, the Soviets put their hopes on Western Europe's attitude. Here the leaders in Moscow must have found some comfort. On the one hand both Giscard d'Estaing and Helmut Schmidt delivered strong messages of disapproval personally to Leonid Brezhnev, but on the other, both France and West Germany demonstrated willingness to continue economic and political dealings with Moscow much as they had before the invasion. The Europeans were caught between tough demands from Washington that they respect new restrictions on high-technology sales to the Soviets and not take steps to undermine other American sanctions, and their own desire to maintain détente in Europe and profitable relationships with the U.S.S.R. Neither superpower could have been thoroughly pleased with their resulting ambivalent behavior, but the fact that the Europeans refused to succumb unreservedly to American blandishments must have heartened the Soviets.

The Europeans' reaction to the invasion of Afghanistan was revealing. At first a number of European countries expressed the hope—apparently heartfelt—that it might be possible to negotiate some compromise that would involve Soviet withdrawal. (Muslim countries made a similar proposal.) As events confirmed, this was not a serious prospect. The Soviets had obviously decided that they required a degree of control over events in Afghanistan that could only be assured by a puppet government and a large military presence. But the West European desire to find a compromise, like the later reluctance to follow the American hard line unreservedly, reflected the pain brought on in Europe by the prospect of losing détente.

The Europeans' stake in détente has been inadequately recognized in the United States. Political conditions in Europe changed profoundly during the 1970s—for the better. The resolution of the Berlin and German problems, then the dramatic increase in East-West trade and other contacts, created an atmosphere of stability and normalcy in Europe that had not existed for decades. Euro-

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peans naturally welcomed these changes, which had altered their lives much more substantively than détente had touched Americans. The Soviet Union understands Europe's independent interest in détente, and can be expected to continue to cultivate it.

V

The events in Poland were the second significant development of 1980 for Soviet-American relations. As of mid-January 1981, the situation there is volatile; a Soviet move against the Poles could occur at any time.

This is not the place for speculation, but it seems safe to predict that a full-fledged Soviet takeover of Poland with the use of force would have devastating long-term consequences for Soviet-American and East-West relations. In the United States great pressures would arise to reinstate a new version of the cold war—an American policy of active, hostile containment. Six million Polish-Americans, many of them still in close contact with relatives in Poland, will contribute to this pressure. Prospects for reviving the cooperative side of Soviet-American relations would disappear.

The West Europeans realized that Poland was different for them than Afghanistan, and at the end of 1980 the NATO powers committed themselves formally to stern (if unenumerated) countermeasures if the Soviets do invade. How the West Europeans will behave in the event of a Soviet move against Poland remains problematical, but they are certain to take it more seriously than the invasion of Afghanistan.

Even without a Soviet invasion or coup, the situation that evolved in Poland during 1980 demonstrated the difficulties inherent in trying to build a more stable Soviet-American relationship. The emergence of an independent trade union movement in Poland might well be interpreted as exactly the sort of development that relaxed East-West relations were meant to encourage—a plume in the cap of détente. In fact, the events of 1980 in Poland actually demonstrated the permanent frailty of a Soviet empire based on usurped power and illegitimate leadership.

The real culprit in Poland, arguably, was Edward Gierek, who lost his job as the Communist Party's leader in September. Gierek came to power in 1970 on a wave of national enthusiasm and goodwill, with a mandate to reform Polish society. He proved an ineffective leader, however, and by 1973 or 1974 knowing Poles acknowledged his failure. Gierek had a chance to initiate the sort of reforms that had made János Kádár the indisputable genius of Eastern Europe—reforms which, in Kádár's case, gave Hungary

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prosperity and a measure of internal liberalism without suggesting any diminution in the ruling role of the Hungarian Party. As long as the Soviet Union is ruled by autocrats so insecure in their own power that they reject any hints of pluralism, no East European country will be permitted to tolerate a reduction in the Party's influence and control. That was the lesson of Czechoslovakia in 1968, and it is most likely to be the lesson of Poland's flirtation with "Solidarity."

Gierek's failure is not surprising; rather, it is characteristic of the inflexibility shown by communist leaders throughout the Soviet bloc in modern times. Kádár's genius was as rare an any genius. Yet without more Kádárs, recurring events like 1980's in Poland seem inevitable in Eastern Europe. The last three have occurred in neat dozen-year cycles. When they occur they remind the West that Soviet power is not maturing, that its toleration of pluralism is not increasing. As long as these episodes continue to recur, the prospects for stable, improved East-West relationships are poor.

VI

Third, 1980 will conceivably be remembered as the year in which significant Chinese-American cooperation began in the military sphere. Secretary of Defense Harold Brown went to China to open a dialogue on this possibility, and both countries seemed interested in pursuing it. A working Sino-American military connection would represent the realization of a Soviet nightmare and a grave setback for Soviet diplomacy. It might also be carried to the point of foolish excess by the United States.

The steady improvement of Sino-American relations is one example of trends visible in 1980 that may eventually make it appear a disastrous year in the eyes of future Soviet leaders. Though it was a heady year for this generation of Soviets, enabling them to show off their hard-won new international power, 1980 may also have given impetus to a military revival in Japan and a new determination in Europe (suggested by the NATO decision to deploy new medium-range missiles on the continent) to match increasing Soviet military power. At year's end, to cite another example, French nuclear policy appeared to be evolving in a way that should concern Moscow. For example, President Giscard seemed ready to approve a French "neutron bomb," a high radiation nuclear artillery shell.

Finally, there were two leadership changes. The American presidential election surely will prove to be an important event

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for Soviet-American relations, though just how remains to be seen. At year's end there was much wistful talk among conventional-minded diplomats, politicians and analysts that, in power, Ronald Reagan will probably turn out to be a lot like his immediate predecessors. To believe this one need only believe that neither Reagan nor the people around him really believe what they have been saying and writing for many years. It seems much likelier that American foreign policy is headed for real change, first of all in the arena of Soviet-American relations.

The elevation of Nikolai A. Tikhonov, 75, to replace Alexei Kosygin, 76, as premier of the Soviet Union was a less dramatic but also revealing leadership change. It indicates not change in any meaningful sense, but stagnation. That Brezhnev and his supporters turned to a man just as old as the one he was replacing, a man whose claim to power rests uniquely on his long ties to Brezhnev himself, vividly reveals the inability of these Soviet leaders to come to grips with the problem of choosing their successors. This inability foreshadows a sharp struggle for power when these old men finally do leave the scene, with unpredictable but potentially important consequences for Soviet policy.

VII

Given the appalling state of Soviet-American relations at the beginning of 1981, there can hardly be an optimistic prognosis for the foreseeable future. Moreover, the new Reagan Administration comes to office with promises of a muscular, resolute new foreign policy which—if kept—could aggravate Soviet-American relations in the short term. The new President's advisers acknowledge as much, but predict that short-term aggravation will be followed by fundamental improvements. That prediction is questionable.

In effect the Reagan group has been suggesting (since before it took office) that the Soviets can be compelled to revert to an earlier version of superpower coexistence, allowing America to preserve a "margin of safety" in strategic weapons and protect its global interests with greater ease. To pursue this objective the new team now in charge in Washington has proposed an intensified arms competition, a formal break in the continuity of arms control diplomacy, and firmer responses to Soviet interventionism. Reagan himself and many of those now around him have said that the Soviets will have to accept this new American posture eventually, because they won't be able to keep up with the United States in an all-out competition.

The potential weaknesses in this approach seem serious. Most

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fundamentally, the idea that American superiority can be restored by unilateral American action implies, wrongly, that earlier American superiority was a product of such unilateral action. In fact the United States was unquestionably the world's strongest power for a generation after World War II because other countries were in no position to challenge it. That was largely a historical accident. Now the Soviets *can* challenge America and can be counted on to do so, particularly in a competition measured in military terms.

Conceivably the United States could "beat" the Soviets in an arms race and regain numerical superiority in many categories of weaponry, but to what end? Overwhelming American superiority in the 1950s and 1960s did not keep the Soviets out of Cuba or Indonesia or Egypt, and even overwhelming American superiority in the late 1980s and 1990s could not guarantee the containment of Soviet power and influence.

Realistically, the new Reagan Administration is unlikely to launch a new anti-Soviet crusade. The European allies—whose participation would be required to make such a crusade look serious—can probably prevent it by themselves. But it is even less likely that the new Administration will abandon its rhetorical positions, embrace SALT II without major changes, and adopt a conciliatory line. Even a second Carter Administration would have rejected conciliation, and SALT II's chances would have been bleak even if Carter had won reelection. So a period of bad Soviet-American relations—brought on by the invasion of Afghanistan—was in the cards.

Afghanistan is one of many reasons why good Soviet-American relations continue to be impossible. Both superpowers contribute others.

On the level of basic communication, the Soviet Union and the United States remain out of touch. Neither side's political leaders are skilled at interpreting or predicting the other's reactions or behavior. The Soviet leaders still cannot believe that America and its capitalist allies will ever accept the Soviet Union unreservedly unless they feel they must. Assurances of "equal security" only seem to tempt the Soviets to stretch the definition of "equal" to their own advantage. Ultimately, these Soviet leaders seem to feel secure only if they are sure that everyone else feels a little insecure.

Americans have been mired for years in a debate over Soviet "intentions," a debate that begins with the wrong question. If we ask, "Does the Soviet Union seek military superiority and a dominant world position?", and insist on a yes or no answer, we

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get an irrelevant answer. Yes, in some abstract way, these Soviet leaders are sufficiently insecure, proud and ethnocentric to dream of dominating the world. They justify their own rule in ideological terms, and their ideology predicts that communism will inevitably replace capitalism. But how do the Soviet leaders plan to pursue this dream? Do they expect to see it fulfilled? Those are the relevant questions.

Like a religious Jew patiently anticipating his Messiah, the Soviet ruler dreaming of world domination is not structuring his life around this still-unforeseeable occurrence. As Seweryn Bialer has put it so aptly, the Soviet leaders dream of world domination *but do not expect to achieve it.* By discounting the likelihood of success themselves, the Soviets can easily forgive the steps they take (subjugating Afghanistan, for instance) that arouse in Americans the fear that they are really bent on imminent world domination. In the minds of the old men who have risen to the top of the Communist Party of the Soviet Union, any step that enhances Soviet security is easy to justify. Equally, moves that enhance Soviet prestige and power without endangering national security are difficult for them to resist.

A prominent American politician has suggested an extremely useful metaphor for Soviet behavior, but unfortunately it has not taken hold in the American debate over Soviet intentions. Senator Henry M. Jackson has compared the Soviet Union to a hotel burglar who walks down the corridors trying every door. When the doors are securely locked the burglar moves on; when a door opens to his touch, he moves in. The metaphor captures the opportunism that is so central to Soviet behavior. Lenin himself was first of all a consummate opportunist, not a grand strategist.

And this is not the sort of irrational burglar who, if he finds long corridors of well-locked doors, will respond by burning down the hotel, himself inside it. Caution is one enduring Soviet quality for which we can all be grateful.

But caution does not compensate for other Soviet instincts that help insure the impossibility of sensible, steady Soviet-American relations. These Russians want to be admired and respected by Americans and all foreigners, but part of them detests us all, too. We are the object of awe and envy for the Russians, a bad combination. They feel, rightly, that they cannot match us on our terms, so they insist on pressing their claim to power and prestige partly on their own terms. To Westerners this often appears as a Soviet insistence on behaving outrageously. For example, the Soviets insist that we accept the inviolability of their empire, and

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enunciate a "Brezhnev doctrine" justifying any action needed to preserve it. This is really the doctrine of the divine rights of autocrats, rights America and its allies are unlikely ever to embrace. Similarly the Soviets insist on absurd fabrications like the official explanation that Hafizullah Amin invited the Soviet invasion force to Afghanistan (presumably so that he could be speedily executed by it). This is "Soviet reality," the description of things as they *ought* to be, without regard to their true nature.

More fundamentally, the Soviets do not share America's interest in preserving international stability. Partly this is a "generational" matter; the United States is a relatively mature great power, one instinctively devoted to maintaining the status quo. The Soviet Union is an adolescent great power, still looking for new ways to show off its power. Furthermore, the Soviets tend to perceive the status quo as inherently favorable to its adversaries; the present international situation does create an overall balance of economic, political and military forces that favors the capitalist world. The Soviets' insecurity and competitive instincts insure that they will continue to try to change this situation to their own advantage, particularly at a time when they perceive real or incipient weaknesses on the capitalists' side.

To the Soviets, superpower equality means more than equal numbers of land- and submarine-based intercontinental ballistic missiles. As Murrey Marder has put it, the Soviets interpret equality as "an equal right to shape the world order—or to alter it." No American President has been willing to grant the Soviets that right, and none should.

In recent years the American side has also put obstacles in the path of sensible, constructive Soviet-American relations. Since the 1960s there has been no strong American consensus on a definition of United States interests in its relations with the U.S.S.R. America has sent out contradictory signals, sometimes looking ferocious, as in the 1973 nuclear alert during the Yom Kippur War, sometimes helpless, as in 1975, when Henry Kissinger reverted to bluster after Congress refused to support his response to the Soviet-Cuban operation in Angola. Though Governor Reagan was elected President on promises of a tougher line, he made no attempt in his campaign to establish a clear definition of American interests. This remains a grave weakness in American diplomacy.

So does the absence of practical political and diplomatic techniques for pursuing clearly stated American interests. Both carrots and sticks are necessary to conduct a sensible American policy toward the Soviet Union. In recent years the American political system has been unable to sustain either. Carrots have been

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vulnerable to all sorts of unpredictable pressures, as demonstrated by the classic example, the Jackson-Vanik Amendment, which undid the Soviet-American Trade Agreement of 1973. At a moment when a stick might have proven invaluable—when the Soviets were airlifting Cubans into Angola to sway the outcome of a civil war—the American Congress precluded any action.

Recent American governments, and particularly the Carter Administration, have been unable to find an effective diplomatic voice for communicating with Moscow. Thus Carter alarmed and bewildered the Soviet leaders in the first weeks of his Administration (to no good effect, as it turned out) by writing a formal letter to Andrei Sakharov and sending it through the diplomatic pouch. To the very end Carter misunderstood how to send the Soviets a message. In his last weeks in office he insisted on repeated public threats of "the most negative consequences" if the Soviets invaded Poland, threats delivered in an "I dare you" tone, but which were pure bluster given the total absence of sticks and carrots in Carter's political larder at the time.

The United States has also been bedeviled by an inability to sort out the problem of "linkage," or the interrelationships among various strands of Soviet-American relations. This is a consequence of Americans' inability to agree on a clear formulation of their country's interests.

Cyrus Vance and President Carter argued for a time that there should be no linkage between Soviet behavior in some areas and American responses in others. As a general proposition this is utterly unrealistic. Americans are not by nature turners of the other cheek; they are bound to respond to certain kinds of outrages. Thousands of American scientists, for example, are presently boycotting contacts with Soviet colleagues to protest official Soviet treatment of Sakharov. Such expressions of indignation are inevitable and desirable.

As Carter himself discovered in his angry reaction to the invasion of Afghanistan, there are also certain carrots that can and should be withdrawn from the Soviets in response to clearly inadmissible Soviet behavior. The grain embargo was a constructive form of linkage, one that imposed a real punishment on the Soviets that the United States could easily afford. One hopes that President Reagan will realize this too, and abandon his campaign promise to end the embargo, particularly when it is just about to become much more effective.

If there were a consensus in America on what precisely the United States needed from its relations with the Soviets, then there would also be a list of items that should not be used in any

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applications of linkage. Carter said repeatedly that the Strategic Arms Limitation Treaty was one of those items—that it was in America's interest regardless of how outrageously the Soviets were behaving. Events may well bear out this evaluation, but Carter failed to build a strong consensus behind the arms treaty, so it too became an unwitting victim of linkage. And Carter himself took some steps in response to Afghanistan that looked like wrong-headed linkage—for example, ordering American diplomats in Moscow to cease most dealings with Soviet officials, as though such diplomatic intercourse was somehow a favor to the U.S.S.R.

President Reagan and his associates indicated before taking office that they agreed with the latest Henry Kissinger line on linkage—that it now must be imposed firmly and universally. Kissinger argues that there should be no new Soviet-American agreements until the Soviet leaders agree to moderate their behavior throughout the world. This may sound like odd advice coming from a principal author of the "Basic Principles Between the U.S.A. and U.S.S.R.," the 1972 "code of conduct" that the Soviets happily signed and trumpeted but never really respected, even allowing for its deliberate ambiguity. Kissinger's is also a formula for no progress in any Soviet-American negotiations for the foreseeable future.

VIII

If the United States is to find better ways to protect its interests in the competition with Soviet power, it will have to reach some internal consensus about its objectives, and then improve its skills as a good locksmith. The best way to dissuade the Soviet burglar from a life of crime is to put strong locks on the doors in his path. But that is no easy trick.

Ironically, the Carter Administration's Third World policy may have been a good locksmith's gambit—ironically, because the Reagan Administration seems destined to abandon Carter's efforts to align the United States with Third World aspirations for independence and human rights. Just two or three years ago the prospect of Soviet-Cuban involvement in a Rhodesian civil war was a principal American anxiety; the Carter Administration, Britain's Conservative government, and a crucial dollop of luck put it to rest. Though comparable situations could easily develop in the 1980s, it is now impossible to predict how the United States will react to them.

But the Carter Administration had no idea how to lock the door on the most ominous potential avenue for Soviet adventurism, the

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door to Iran. The greatest foreseeable danger to Western interests in the near term is probably a left-wing coup in Iran followed by a call for "fraternal" Soviet assistance. This is all too easy to imagine, and the Western powers would have no easy means of responding. Equally dangerous and also uncomfortably plausible is the thought of a sudden turn in Saudi Arabia, one that might replace the royal family with new leaders unsympathetic to Western oil requirements but susceptible to Soviet blandishments. This, too, is a door that no locksmith can promise to lock.

Neither of these developments is inevitable, though, and there are other, more comforting possibilities for the United States. First among them is the prospect that the Soviets' great internal problems and the strains of empire will combine to induce more caution in Moscow, even if all the doors cannot be firmly locked. Some theorize that domestic troubles actually provoke foreign adventures, but this has never been the case in Soviet history. There are finite limits to Soviet resources, and it seems possible, even likely, that the Soviet leaders will resist the temptations to new adventures until they have better resolved the consequences of previous ones. The Soviet leaders are still cautious men, and very old ones. These are not modern-day equivalents of Adolf Hitler, bent on conquest, marching to well-articulated plans. They lack both faith and assured self-confidence, though their confidence is obviously growing.

And the Soviet Union is changing, conceivably in a positive way. During the last generation all the countries in the Soviet empire except Czechoslovakia have become steadily more responsive to popular desires. If a similar trend becomes demonstrable inside the U.S.S.R., the outside world will be able to take some comfort. And this is certainly possible. The 1980s will surely be a decade of discontinuity in Russia; ten years hence the Soviets could look much less dangerous—or very ominous indeed.

The United States might find some satisfaction in a new sense of national purpose, which the events of 1980 may portend. There will be a stronger American military establishment, a fact that might have some functional value, and is likely to have a positive psychological effect after too many years of perceived "weakness." With any luck, Americans in the 1980s will even come to terms with a world they cannot dominate just because they would like to.

But there is no point in ending on an optimistic note. There are no prospects for good Soviet-American relations—a fact that does not preclude the evolution of better relations in the future, but a fact nevertheless.

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Seweryn Bialer

POLAND AND THE SOVIET IMPERIUM

> Poles! If you cannot prevent your neighbors from devouring your nation, make it impossible for them to digest it.
>
> —Jean-Jacques Rousseau

Events in Poland since August 1980, the struggle of Polish workers for their rights, constitute a critical turning point in the history of the Soviet imperium. The situation, still completely unpredictable at the onset of the new year, holds much more importance for the future of the world communist movement, the Soviet empire, and the Soviet Union itself than the Hungarian Revolution of 1956, the Polish revolt of the same year, the Czechoslovak reforms of 1968, and even the Stalin-Tito rupture of 1947–48. Its international implications are no less grave. Poland is the key country in the Soviet bloc in terms of strategic location, military and economic potential, and size of population. A major lasting change there could transform, if not destroy, the Soviet Union's East European empire.

Even before the recent events, Poland was far from being a typical East European communist state. It is the only communist country in which individual small landholders form the vast majority of the peasantry. The Polish Catholic Church represents a virtual alternate government with a moral authority unmatched by any postwar Polish regime. (As a Vatican joke has it, the most Catholic countries in the world are Poland, Ireland and the Vatican, in that order.) Culturally, Poland belongs to the West; its cities exhibit a lifestyle that is Western in character.

It is a homogeneous country of intense national consciousness and deep national pride, with a long tradition of struggle for

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independence, and of survival under the most adverse conditions of foreign oppression. Even with Soviet troops on the ground, the communist takeover of 1944–45 was resisted in what was for a time a virtual civil war. Since then, 35 years of communist rule have failed to eradicate the distinct national identity shared by all strata of society and expressed by an intelligentsia whose very label is synonymous with dissent. In recent years, numerous dissident organizations have been able to communicate their views to a broad range of publics; hundreds of thousands of students took part in so-called flying universities, where professors taught courses they could not present at the regular universities. And industrial workers have confronted security forces in the streets on three occasions in the last quarter-century (1956, 1970, 1976) to demonstrate their opposition to the regime.

What has happened in Poland since the labor unrest in August 1980 is too well known to require detailed review. The crisis began with local strikes against price increases. A workers' movement quickly rose and spread across the nation, and a series of broadly based sit-in strikes in factories and mines forced the government, under the threat of a general strike, to promise the workers the right—unprecedented in a communist regime—to organize an independent trade union movement. Other demands, political in nature, were raised in the process, and hard-pressed Polish leaders promised to overhaul the regime, the policymaking process, and the policies themselves. The workers' struggle brought about the resignation of Polish Party leader Edward Gierek as well as the almost complete replacement of the upper echelons of the Party and the government. What took place in Poland during the past few months is nothing less, to use the words of Karl Marx, than the transformation of the Polish working class from *eine Klasse in sich* to *eine Klasse für sich.*[1]

II

Why did the workers' strikes in Poland assume such massive proportions? Why did the workers' demands concentrate on relatively far-reaching structural changes, so exceptional for a communist state? Obviously events were triggered by the price increases which the Polish government announced during the late summer. But just as obviously, the reasons underlying those events are much deeper and broader.

[1] A rough translation would be: "from a class in itself [within the system] into a class for itself."

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First of all, by the late 1970s, it had become evident, not only to the Polish working class but to the population as a whole, that Poland faced nothing less than the collapse of its planning and management system and the total bankruptcy of its economy. An examination of recent trends in Polish economic development provides indisputable evidence for this conclusion.

In 1980, it is quite clear, the national income of Poland showed for the second consecutive year an absolute decline, a dubious honor not achieved by any other Soviet bloc country. Not only are there immense shortages in the supply of necessities—which, because of their immediate short-range political implications, have received the greatest attention in the press—but of even greater significance are enormous disruptions in the industrial, construction and agrarian sectors. These trends have long-range implications for a Polish economy already burdened by massive hard-currency indebtedness.

In the months of August and September alone, according to official estimates, industrial production dropped 17 percent below that of the same period in 1979. Total production losses for the July–September period are estimated in the neighborhood of $2.3 billion. For the coal-mining industry, one of the mainstays of the Polish economy, the shortfall may be as large as ten percent of the total output. In the first three quarters of 1980, the plan for the construction industry was fulfilled by only 37 percent. The grain harvest, which was about 21.3 million tons in 1978, declined to 17.3 million tons in 1979, and mounted, according to optimistic estimates, to just over 19 million tons in 1980. This total is officially declared to be eight million tons below current needs, thus requiring expensive, large-scale imports. Meat production, which was 3.3 million tons in 1979, may have declined to 2.4 million tons in 1980 and may not exceed 2.2 million tons in 1981. The potato harvest is officially estimated to have been the worst in 20 years, down almost 40 percent from that of 1979.

What went so wrong with the Polish economy? One key cause can be traced to the critical decision made by Gierek in 1970 when he replaced the discredited Party chief, Wladyslaw Gomulka. Workers' unrest, prompted by dissatisfaction with the economic situation, had led to Gomulka's overthrow. Gierek promised to improve the situation radically. He could have chosen to restructure the Polish economy and reform its unwieldy and cumbersome planning, management and incentive system. In doing so, he would have had to rely upon long-range recovery and improvement of the Polish economy. Instead, he elected a

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different course. His strategy combined significant imports of Western technology, financed on credit, with heavy investment in the growth of Polish industry. The theory was that massive infusions of Western technology would permit Poland to switch from extensive to intensive growth; and foreign debts incurred in the process could be repaid by the consequent increase in exports from a revitalized Polish industry.

If the policy initially yielded positive results, in the last analysis it failed to meet expectations. In the years 1971–75, the net industrial product increased, according to official statistics, at the rate of almost 11 percent per year; that is to say, about 30 percent faster than in the preceding decade. Real industrial wages, which from 1961 to 1970 grew at 1.8 percent per year, rose in the 1971–75 period by 7.2 percent annually.

But from the mid-1970s Gierek's program foundered. Unforeseen world economic conditions combined with weaknesses in the preparation and execution of Gierek's policy to slow economic development and erode Poland's ability to meet its credit obligations. First, the energy crisis increased radically the cost of oil required for development. Second, the recession in the West impeded the sale of Polish goods in hard-currency markets, thus dissolving Gierek's hope that expanded exports would repay foreign debts. Third, the investment policy of the Gierek government proved ill conceived and unrealistic. At some stages as much as 40 percent of the Polish national income was devoted to investment, about 75 percent of this being devoted to heavy and export industries; increasing domestic demand was left unsatisfied, thus creating immense inflationary pressures and making Poland dependent on expensive imports. Fourth, and most important, the government did not undertake any of the major reforms in the system of planning and management which might have prepared the system to cope with the demands arising from increased dependence on intensive growth, the application of new technology, and the growth of productivity.

Enormous disproportions and bottlenecks resulted from the rapid economic growth sustained by credits and imports. The proportion of unfinished investment projects grew rapidly; the utilization of foreign technology was highly inefficient and its diffusion slow. Beyond a short-range impact, the major inflow of Western technology failed to generate significant long-term improvements in productivity. The import of technology and credits could not serve as a substitute for structural reforms. The structural mismanagement of the economy became endemic and visible

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to everyone; waste assumed incredible proportions.

During the first years of Gierek's program, the expectations of the Polish working class soared. Those expectations were satisfied in part—at least initially. By 1979 and 1980, however, the situation had become dangerously unstable. In the face of diminishing economic returns from an increasingly stagnant economy, consumers experienced both inflation and severe shortages of basic commodities. That the Gierek leadership lacked credibility in economic matters had become patently obvious. At the same time the government neither informed the people about the true economic situation nor adequately prepared them for the necessary austerity measures. The belief spread throughout all sectors of society, including the Party itself, that the economic system had outlived its usefulness, that it had nothing more to offer—in short, that it was bankrupt.

III

Poland's economic crisis paralleled a crisis of political authority as the Party become totally divorced from the realities of everyday Polish life and its inner life stagnated. United under Gierek's command, the Party leadership allowed no fresh voices to pose questions concerning the relationship between the Party and the working class or the state and the economy—or if such voices were raised, they were quickly silenced. After 35 years of communist rule in Poland, the Polish population, including the working class, ceased to believe in the Party's authority, its ability, and its right to rule. Nothing so clearly demonstrated the gulf between the legal and the civil society as the overwhelming popular response to the visit of Pope John Paul II to his native country in the summer of 1979.

The effects of virtual economic bankruptcy and the crisis of political authority were compounded for the population by a heightened visibility and awareness of official corruption and privilege. Workers harbored a growing sense of the injustice perpetrated by a state which claimed incessantly to represent the workers and stressed continuously in its propaganda the centrality of the workers in society. When shortages of foodstuffs developed, no system of rationing spread the burden evenly. The hated symbol of elite privilege was the so-called yellow curtain store which concealed from public view the sale of scarce goods to the Party and state bureaucracy. Another source of aggravation was the newly opened shops that traded only with foreign currency.

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Disaffection among workers found other sources of nourishment. Plans for investment in public housing were not fulfilled. The housing situation became critical, especially for young working couples who wished to marry and had to wait many years for an apartment. Mobility into the middle class was felt to be more and more difficult for the children of working people, as the higher education system, the major channel of mobility, did not expand rapidly. All in all, there developed within the working class a deep sense of just social grievance against the system that ruled in its name, a sense of grievance that was no longer responsive to reassurances and promises from the Party leadership.

A final and crucial reason helps explain the scale of labor unrest: the character of the Polish working class itself had changed. The authorities failed to grasp the fact that a new working class had emerged. The peasants who flocked to the factories in the 1950s and 1960s improved their economic and cultural lot by the very act of becoming urbanized. Now no longer dominated by peasant recruits, the Polish working class is urban in origin, and has a different attitude and a different set of expectations. Moreover, it is not burdened politically by the paralyzing memory of Stalinist terror. More self-assured and willing to take risks, it is more activist. And it differs culturally from its predecessor. This generation of workers is better educated and better trained than the previous generation, and enjoys a new sense of confidence and self-identity. Finally, the workers are better able to compare their own conditions with those of workers in the West or in more developed East European countries. They listen to foreign radio broadcasts; they talk with millions of tourists visiting Poland; and hundreds of thousands—even millions—of them travel abroad. It was this new working class which, in the developing situation of last summer, undertook to redress its grievances and demand social justice.

IV

To speak at this time of a workers' victory in Poland would be premature, given the unpredictability of the international situation—that is, the continuing possibility of a Soviet invasion of Poland— as well as the unpredictability of internal developments in Poland. Yet it can be asserted with confidence that the first battles of the workers against Party authorities have been very successful: however the situation develops—with or without a Soviet invasion—it will not return to the state of affairs that existed before August 1980. While we do not know the full extent

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of the gains already won by the workers, some of these gains represent significant concessions that will endure. This consideration alone warrants posing the question: Why did the workers win in Poland?

To begin with, the workers' challenge to the communist regime was much more difficult to counter than the previous eruptions to which dissident intellectuals accustomed communist regimes in the post-Stalin era. A massive movement of workers in a so-called workers' state is qualitatively different from a numerically small movement of the intelligentsia which can be successfully managed by combining intimidation, repression, bribery and forced emigration.

Second, consider the way the struggle developed, and the general political situation in Poland. Polish workers learned from the experiences of 1956, 1970 and 1976 when their confrontations with the authorities in street demonstrations turned quickly into violence and defeat. In 1980, they adopted a new tactic that was much more effective. Sit-in strikes and occupation of factories put the onus of initiating violence in any effort to eject the workers—a difficult task in itself—on the government. The workers exhibited an admirable measure of self-discipline, a high degree of organization, and an unprecedented ability to act in concert.

Third, for the first time in Polish history the two streams of opposition to the regime became effectively joined—the broad workers' movement and a widespread movement of dissident intellectuals. Their union is symbolized by the commissions of experts attached to the newly formed free-trade unions. The role of the dissident intelligentsia in these events should not be exaggerated. The main force behind these events was an authentic, spontaneous working-class movement; the dissident intelligentsia jumped on the bandwagon. They did add an important dimension, however, by supplying advice and, even more important, by providing the communications network through which news of the workers' actions reached the country. The ability of workers along the coast to communicate their actions and demands to workers in other parts of Poland and to the population in general was a key element in forcing the retreat of the government, which faced not simply a localized strike but the threat of a general strike.

It was good tactics as well for the workers to concentrate on one issue—the demand for independent trade unions, which were perceived as the sole guarantee that the government would honor future promises to the workers and attend to future demands of

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the workers. The workers were not distracted on the one hand by immediate economic demands or on the other by broad political demands that would be explosive in their implications.

The existence of an independent Church in Poland lent enormous moral support to the workers' activities. Nonetheless, during the strikes and especially at the beginning, the Church hierarchy, and Cardinal Wyszynski in particular, played a rather ambiguous role. The Church clearly supported the workers, but just as clearly it feared that the workers' demands might go too far. It therefore sought to exert a moderating influence. Without any doubt, the workers and their spokesmen played the leading role in events. The Church found itself in the position of saying: "I am your leader, so I will follow you."

In the critical days of late summer and fall, the Party found itself in disarray. Its leader, Gierek, was ousted, and the new leader, Stanislaw Kania, had no time to establish a firm command. The Party activists and regional Party bureaucrats became, and remain, disoriented. The new unions exploited the resulting power vacuum in the political system.

Another absolutely crucial element in the vacuum was the position of the armed forces, which maintained neutrality on the issues. Moreover, it is reliably reported that as the crisis ripened the commander of the Polish armed forces, General Jaruzelski, informed the Party leaders at a crucial meeting of the Central Committee that the Polish Army could not be relied upon to intervene and eject workers forcibly from the occupied factories. This statement was a turning point, for it left the Party little choice but to negotiate seriously with the workers and to consent to major concessions. Threatened with a general strike and a complete breakdown of order, the new Polish regime accepted the workers' basic demands. This decision resulted not only from fear of workers' reaction to a rejection of their demands, but also from the fear that continued chaos in Poland and a general strike would increase the danger of Soviet intervention. At that point, the Polish leaders feared this outcome more than the workers did.

What the workers in Poland have won, at least potentially, is the unprecedented acceptance by a communist regime of independent trade unions and the right to strike when other means of bargaining are exhausted. In a very short period of time, a workers' organization has been created to parallel the officially sponsored unions. Even in its formative stage it already includes the majority of Polish workers. If the new organization survives, it will end the organizational monopoly of the Communist Party. The existence

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and survival of such an organization will give the workers an effective veto power over the economic policies of the government—and, as we know, economic policies are at the heart of politics in communist states.

V

But will the independent trade unions survive? The answer is of course a resounding "no" should the Soviets intervene directly in Poland. Even without intervention, however, can the victorious Polish workers translate paper agreements into actuality? This depends on two crucial elements: the behavior of the workers themselves and the situation within the Communist Party.

When speaking about the Party, it is essential to distinguish Poland in 1980 from Hungary in 1956 and Czechoslovakia in 1968. The Hungarian leadership under Imre Nagy and the Czech leadership under Dubĉek represented renegade Communist Parties which had adopted unorthodox and highly reformist positions that questioned the very political system and the alliance with the Soviet Union. The new Polish leadership under Kania cannot be characterized as renegade, even by the most generous imagination. Although far from homogeneous, it is composed basically of *politically* conservative communists who at the same time acknowledge the need for reforms, particularly in the areas of the economy and relations between Party and workers. Some leaders are more conservative and some more reformist; none, to our knowledge, questions the need to preserve the Party's monopoly, the need to enforce a policy of censorship, however revised, or, most of all, the need to maintain a close alliance with the Soviet Union.

As we have noted, this new leadership has yet to consolidate its power over a Party that remains disoriented and disorganized, especially at the provincial level. Factional struggle persists between hard-line and more moderate elements. Once consolidation comes about, however, there can be little doubt as to the tactics of the Party. It will aim to erode the workers' achievements, to wear down the workers, and to provoke continual skirmishes over specific items of contention. It will attempt to divide the workers, to isolate them from the dissident intellectuals, and to co-opt their leaders. It will also seek to define the lines of resistance to demands concerning political issues that patently involve the symbols and reality of communist rule in Poland, such as censorship and the security apparatus. At the same time, however, it will agree to compromise on immediate economic issues and on issues of structural economic reform. In other words, it will aim to preserve the

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essential non-negotiable characteristics of the system while being flexible on important but marginal elements of the system.

It is impossible now to say how successful these tactics will be. There is a strong likelihood that many of the workers' gains will survive even after the Party regroups and consolidates its power. Soviet intimidation and the fear of invasion act here as powerful weapons to moderate the workers' demands and to confine them within bounds that do not threaten to destroy the communist system itself.

During recent weeks, the situation among the workers has stabilized somewhat. Militancy has subsided, and the "Solidarity" leadership has increased its control over the local rank and file. This gives reason to suppose that in the absence of a Soviet invasion the new trade unions will survive and become powerful ingredients in the Polish political system. Genuine success of the Polish experiment, however, will depend on radical improvement in the economic situation, and that, in turn, requires major economic reforms. Without a major transformation in the economic sector, the real demands of the workers cannot be met, and the situation will deteriorate once again. Here we come to one of the key dilemmas, the truly vicious circle, of the Polish situation.

Poland requires far-reaching economic reforms to create a viable economy, to sustain steady increases in the standard of living, and to persuade Western creditors of the country's solvency. It needs a major change in agricultural policy, which would entail a redirection of large investments into the agrarian sector, a cancelling of restrictions on the growth of private farms, an extension of credits to farmers, and a restructuring of farm prices. It also needs reforms in the service sector. A policy like the Soviet New Economic Policy of 1921 should be introduced, encouraging craftsmen, artisans and small private entrepreneurs, and the prohibitive level of taxation on their activity should be abolished. But of greatest importance and difficulty, Poland requires a basic reform of the industrial system of planning, management and incentives—a reform that would resemble, or even go beyond, the Hungarian model. Without such reforms, designed to cut drastically the waste in the Polish economy and to increase its productivity, any hopes for a long-range recovery of the economy are pipe dreams.

But here is the dilemma. Difficult and costly reforms such as these would require a transitional period of several years of austerity and self-denial for the consumer. In the long term, they would benefit the workers. In the short term, they would demand

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sacrifices. At present the workers, having lost their trust in government, see no incentive to accept these sacrifices. Only if more goods can be produced to satisfy the workers' needs will the government be able to gain their trust; yet such production increases themselves presuppose basic reforms.

Aside from promises, the government has only one recourse for breaking this vicious circle. It must meet the demands of workers for a role in running the factories and mines, and ultimately for a partnership in determining Polish economic policies. One may presume that the wisest Polish leaders understand that the workers' demands have to be met at least halfway. The key question here is whether such a governmental policy would be acceptable to Poland's communist neighbors, particularly the Soviet Union.

VI

The events in Poland have very serious implications indeed for Poland's neighbors, for the Eastern bloc as a whole, and for the Soviet Union itself. To appreciate the depth of their concern one has only to survey the vicious attacks and warnings published in bloc countries, particularly East Germany and Czechoslovakia; the statements of Party leaders in those countries; and the increasingly hostile and frequent commentaries in the Soviet press. The reasons for the anxiety are clear: the economic, political and social issues that propelled the rise of a powerful workers' movement for reform in Poland are not absent in the other Eastern Bloc countries. Although the issues are more muted in these countries and the probability of their sparking a similar outburst is less immediate, victory for the Polish workers and the institutionalization of the role of independent unions as a counterweight to the monopoly of the Communist Party could become a highly attractive example to workers in the rest of Eastern Europe.

Nor is the Soviet Union itself immune to labor unrest and the dangerous implications of raised workers' aspirations. Politically and economically, the decade of the 1980s will be a very harsh one for the Soviet Union. The extensive development that fueled Soviet economic advances over six decades can no longer assure the high growth rates of the past. Even if no other negative factors intervene and traditional Soviet economic management undergoes no decline in quality, the Gross National Product (GNP) will grow during the 1980s by only about 2.5 percent per year. The Soviet political-economic system of management, pricing and incentives is ill-prepared to maximize the possibilities for intensive growth. A relatively rapid shift to intensive growth would require funda-

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mental changes in the political-economic system that are unlikely to be accomplished in the foreseeable future. Unfavorable demographic trends will exacerbate the situation. Not only will there be a rapid decline in the growth of new labor resources, but the increment to the labor forces will be overwhelmingly non-Russian in origin.

The Soviet energy balance will not favor economic growth, especially with regard to the production of oil. Economists concur in anticipating a decline, even if they dispute its extent. The decline will be sufficient, it seems, to impose major constraints on the Soviet economy and to limit Soviet ability to utilize fully their existing economic capacities.

With regard to agriculture, investments of the Brezhnev era have produced limited and, at best, uncertain results. This sector of the economy will remain highly volatile in the 1980s. Moreover, owing to the decline of long-term growth in other sectors, the unavoidable agricultural fluctuations will have a growing influence on the size of the Soviet GNP.

Just how difficult the Soviet economic situation will be in the 1980s is a matter of conjecture. According to the most pessimistic estimates, periods of low growth will alternate with downright economic stagnation. But even according to more optimistic estimates, the Soviet Union will experience economic pressures far more severe than anything it encountered during the 1960s and 1970s, when it was possible to have, simultaneously, high ratios of investment for economic growth, systematic and considerable increases in military spending, and steady though not always rapid increases in the standard of living of the Soviet people. Something will have to give. Taking into account the increasingly tense international situation and the growing Soviet energy demands, it seems most likely that redistribution of resources will adversely affect the consumer goods industries and lead to a decline in the rate of growth—or even stagnation—in the Soviet standard of living.

During the 1960s and 1970s, labor peace and social stability in the Soviet system were predicated to a large extent on the steady rise in consumption. It would be hardly accurate to speak of a revolution of rising expectations. As a matter of fact, the material expectations of the Soviet population, particularly its working class, are very modest and reasonable when compared to Western counterparts. Nevertheless, during the post-Stalin era the Soviet population, and especially the working class, has learned to anticipate a continuous, if slow, rise in the standard of living. Neither

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we nor the Soviet leaders can predict how the working class will react to a protracted stagnation of consumption levels and continued shortages of food.

In my opinion, during the 1980s the Soviet leaders will shift the focus of their concern and social policy. From the late 1920s to the early 1950s, Soviet social policy concentrated on achieving mastery and dominance over the peasantry. From the mid-1950s through the 1970s, the main concern was to neutralize the dissident movement and to achieve mastery over the growing professional classes in the Soviet Union—the technocrat, the economist, the expert. During the 1980s, the Party's principal aim will most likely be to extend its mastery over the industrial working class in order to assure labor peace. If so, the institutionalization of workers' power in Poland represents for the Soviet leadership a fearsome possibility, a dangerous and potentially infectious example. One suspects that the specter of "Polonization" hovers in the thoughts of Soviet leaders and elites.

VII

Given these circumstances, Soviet leaders must consider the prospect of using force to change the course of Polish events. Yet it must be clear to them that the direct and indirect costs of invasion would be truly awesome, incomparably greater than those paid for the invasion of Hungary in 1956 and the invasion of Czechoslovakia in 1968.

First, in all probability an invasion of Poland would lead to a virtual state of war with the Polish workers and the Polish nation. While it is highly unlikely that the Polish armed forces would stand united against the invaders, it is very probable that individual major units would resist. All in all the exercise might become a very bloody and protracted affair. Such a military operation in the heart of a divided Europe could prove unpredictable and risky even in its military consequences. The behavior of other Warsaw Pact countries and armies cannot be surely predicted.

Second, the Soviet Union would acquire a staggering burden following the inevitable subjugation of the Polish nation. The Soviet government would not only have to maintain its occupying army, but would have to deliver extensive support to a nation of 35 million people. It would have to feed them, sustain their economy, and service their debt of $22 billion to the West. The Soviet economy could ill afford the strain, given the extent of Soviet domestic difficulties.

Third, an invasion of Poland and the possibility of an attendant

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massacre of Polish workers will almost certainly shatter the last ties between the Soviet Communist Party and the leading Communist Parties in Western Europe. In all probability the break between the Italian and Spanish Parties and Moscow would become final, and the intensity of their conflict with Moscow would rival that between the Soviet Union and China.

Fourth, an invasion of Poland would destroy one of the foundations, perhaps the cornerstone, of Soviet foreign policy since Afghanistan—the political, cultural and especially economic détente with Western Europe which survived the dissolution of détente with the United States. The Soviet Union has succeeded to a great extent in driving a wedge between the Western allies, separating its détente with Europe from its relations with the United States. This policy holds great political promise for the Soviet Union. It is also an economic necessity. A bloody invasion of Poland would shock both Left and Right in Europe and unite them in condemning the Soviets. It would probably go far to heal the ailing Western alliance and reverse for some time to come the advantages to the Soviet Union of détente with Europe.

Nowhere are the potential repercussions of invasion so serious for the Soviet Union as in the military area. The major case in point concerns the question of Theater Nuclear Forces in Europe. The significant divergence between West European countries and the United States on TNF constitutes a principal source of disruption within the Western alliance. The United States, and especially the incoming Reagan Administration, regards the deployment of TNF in Europe as a first priority and a factor that will strengthen the Western bargaining position in negotiations with the Soviet Union. The West European countries regard progress in negotiations on arms control with the Soviet Union as their first priority and the very precondition for the introduction of TNF into Europe. They have tied their consent for the deployment of TNF specifically to ratification of SALT II. This West European position on TNF afforded some consolation to the Soviet Union when SALT II was not ratified. A Soviet invasion of Poland would most probably alter the West European governments' policy in favor of the introduction of TNF without SALT II.

Fifth, an invasion of Poland at a time when the new Reagan Administration is beginning to define its global policies would ensure a choice of direction most injurious to Soviet interests. It would reinforce the tendency to stress military buildup over arms control, to intensify the strategic rearmament of America and the deployment of TNF, to expand the capabilities of the Rapid

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Deployment Force, and to accelerate the search for U.S. bases in the Persian Gulf. It would also step up the momentum toward closer American-Chinese relations set underway during the last year of the Carter Administration and which now appears to face a less certain future, at least during the early part of the Reagan Administration. The invasion of Poland would doubtless create such revulsion in the United States that the anti-Soviet mood that helped Reagan into office would intensify significantly and facilitate the passage of military programs.

Finally, an invasion of Poland would surely affect the scale and nature of the Soviet military threat to NATO. It is quite possible, for example, that close to one million Soviet troops might be used for the invasion, and that a large part of these, say 300,000, would remain in Poland as an occupation force. In the short run this might mean some thinning of the 22 Soviet divisions in East Germany that now form the spearhead of the Soviet military posture directed against NATO. But the overwhelming likelihood is that the Soviets would call up or retain reserves to make up the difference rapidly, and the very state of mind revealed in a decision to invade could hardly be reassuring to the members of NATO. So there should certainly be no reason to let up in NATO's present increased defense program but on the contrary every reason to reaffirm and carry through that program, and possibly to increase the number and readiness of troops stationed in the Federal Republic of Germany.

It is thus clear that calculations of the direct and indirect, short-range and long-range consequences and implications of the invasion of Poland make such intervention the Soviet leadership's most difficult foreign policy decision in the post-Stalin era. This is why I believe that the threshold of Soviet tolerance for developments in Poland will be relatively high. An invasion would occur only in extreme circumstances and only after Soviet leadership had decided that the situation in Poland could not be salvaged by any other means.

VIII

As of mid-January 1981 the Soviet leadership still has reason to think that an accommodation can be reached between the Polish government and the workers whereby the workers will consent to de-escalate their demands. The Soviet leadership still has reason to hope that both the erosion of the workers' will and unity and the consolidation of the Polish communist leadership can be achieved through a series of measures such as co-optation, com-

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promise, intimidation and the *threat* of invasion. Yet there remain at least three situations in which a Soviet invasion would be virtually unavoidable.

According to the first such scenario, demands of the workers escalate, the Polish government resists those demands, the workers call for strikes and possibly a general strike, the workers and students take to the streets, and the Polish government cannot use its own army and loses control of the situation.

According to the second scenario, the Polish government's resistance erodes under the pressure of workers' demands and the workers gradually attain virtual control of the factories and veto power over governmental policies.

According to the third scenario, a transformation takes place within the top echelons of the Communist Party and the Party embraces the demands of society: that is, a situation like that of Czechoslovakia in 1968.

How can these three situations be avoided? In my view the principal hope rests with the Polish Catholic Church. The Church looks upon an invasion of Poland as a threat to the physical survival of the Polish nation. It has not played a key role in recent Polish events, but has remained on the sidelines, extending moral support to the workers, for the most part observing and waiting. But toward the end of 1980 the Church did attempt to influence the contending Polish forces in the direction of moderation. If, in 1981, the unrest continues and workers' demands and the spontaneity of their expression increase, or if opposition to compromise should predominate within the government and Party leadership—either of which would surely enhance the chances of Soviet invasion—then the Church would probably bring the full weight of its authority to bear. A Church appeal to government and workers for moderation in the name of the national interest and unity would in all probability be heeded by both sides in Poland, and their response would gain precious time to attain at least a partial stabilization of the situation and to delay or forestall a Soviet decision to intervene.

One other institution in Poland might contribute to forestalling an invasion: the Polish armed forces. The Polish Army is a professional one. It accepts the primacy of the Party and is not normally involved in politics. In the present abnormal situation, however, its role in the political process has apparently increased, and its influence among the population has grown, thanks to its neutrality in recent months. An important December statement of the Polish Military Council concerning the dangers before Poland was, in fact, an appeal for calm in the struggle between

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workers and Party. At the same time it represented an assurance to the Soviet Union that should the government fail to cope with disorder, the Polish Army would this time be willing and ready to quell disturbances in an effort to prevent an invasion. Whether the Army can act effectively, however, depends decisively on the scale of unrest. An army composed largely of conscripts from the peasantry and working class cannot be used reliably to quell massive disorders supported by a majority of workers organized in the "Solidarity" union. The Army can be effective only in combatting and neutralizing regional disorders, against which reliable elite units can be used.

The United States and its Western allies can do very little to prevent a Soviet invasion of Poland. In the short term, they can also do very little to influence the situation inside Poland, except for extending humanitarian aid and credit as they have done during the autumn emergency. But should an invasion not take place, in the long term the United States and West European countries can significantly contribute to the constructive evolution of Polish development.

The economic question is crucial here, given what the Poles need and what we can offer. The governments of the United States and Western Europe, however, should not pursue a policy of extending credits without limits and conditions, for that would be throwing money into a bottomless barrel.

In my opinion, the proper policy for the United States is to act through a consortium formed with the West European states and especially the Federal Republic of Germany. This consortium would extend to Poland a graduated line of credit and aid in the amount of several billion dollars over the next four to five years, tied to a policy of serious economic reform by the Polish government. There should be a tacit understanding between the Poles and the consortium that particular installments of credit and aid would be forthcoming only to the extent that the Polish government proceeds step by step and quite rapidly to restructure its economic policies and system. It is in the best interests of the United States and Western Europe to ensure that the Polish experiment works. The policy proposed here would provide significant incentives to make it work.

IX

It is extremely difficult to imagine a peaceful solution to the Polish events and a peaceful transformation of the Polish system that would allow greater freedom for society while preserving the political monopoly of the Communist Party. Everybody in Po-

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land—worker, intellectual and Party member—knows that radical changes in the system are needed if Poland is to avoid economic and political bankruptcy. But at the same time, everybody knows, or is learning, that such radical changes are highly unlikely and may even be impossible owing to the Soviet military veto. This gap between the necessary and the possible is the reality of the Polish situation, and the measure of the gravity of the crisis.

We do not know whether the Soviets have decided to intervene in Poland. There are a number of options open to them short of full-scale invasion. There is the option they have already selected—to mass troops along Polish borders as a means of intimidating the workers and strengthening the backbone of the Polish leadership in resisting the workers' demands. The effectiveness and workability of this option will decline with time, however.

A second option involves the measured escalation of pressure by conducting military maneuvers on Polish soil. This action will push the Polish leaders to intensify their intimidation of the workers' movement. A third option would be most advantageous to the Soviet Union but highly doubtful in its effectiveness: Soviet troops would watch at the Polish border while the Polish Army and security forces themselves attempted to settle the situation.

A Soviet invasion of Poland would signal that Soviet leaders regard the workers' gains as irrevocable and the Polish Party thoroughly compromised by its vacillation and conciliatory attitude. It would signal that leaders in the Soviet Union and other East European communist states, particularly East Germany and Czechoslovakia, regard the existence of independent trade unions with even limited powers as incompatible with the concept of a communist state.

But a Soviet invasion of Poland would signal even more. It would tell us how much the Soviets fear their own working class, how much they fear for the stability of their East European empire. It would tell us that these fears are so profound that in the last analysis the Soviet Union is prepared to accept substantial and even irreversible losses in the international arena. Only a government that seriously doubts its own stability and that of its client states would deny the loyal communist leadership of Poland the time and latitude to manage its domestic problems. A leadership that is so insecure in its own country and empire presents grave dangers for states outside its sphere of influence, dangers magnified by the vast military power at its disposal. It will be extremely difficult to reach agreements with such a leadership, that is apprehensive as well as arrogant, on the regulation of competition in a turbulent world.

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J. C. Hurewitz

THE MIDDLE EAST: A YEAR OF TURMOIL

Once again events in the Middle East and adjacent areas dominated the world situation in 1980. To Americans, the inability to obtain the release of the 52 diplomats held hostage in Tehran since November 1979 was particularly dismaying. But of even greater underlying importance was the inability to mount a firm allied or regional response to the Soviet occupation of Afghanistan, where a grinding and brutal war went on with no sign of ending. In the fall, military conflict broke out between Iraq and Iran, again with no end in sight and with consequences for oil supply that by the end of the year had further tightened market prospects, and caused a new jump in oil prices. Finally, the Camp David process—which the Carter Administration had regarded as its greatest achievement—bogged down over issues of autonomy in the West Bank and Gaza that lay at the core of any hope for settlement of the issues between Israel and its Arab neighbors.

So it was a grim year for the peace of the area and for American policy there. Leaders in friendly Arab states, and in Israel, had already been shaken (rightly or wrongly) by the inability of the United States to do anything to preserve the Shah or forestall the Iranian Revolution of 1978–79—perhaps the most destabilizing event in the Middle East in the past decade. Now they watched as President Carter sought in vain for ways to negotiate the hostage issue or bring effective pressure to bear on the Ayatollah Khomeini and company, and finally resorted to a rescue attempt that aborted through mechanical failure in the transporting helicopters. When the United States sought to strengthen its one-time ally, Pakistan, as a key part of its response to the invasion of next-door Afghanistan, it became clear that General Zia ul-Haq would accept American help only under a new treaty commitment—and perhaps not even then—that he simply had no confidence that America had the power or the will to protect Pakistan in the event

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of reprisals from the Soviet forces now (as Pakistan put it) at the Khyber Pass itself.

Thus, although the President proclaimed in January a Carter Doctrine that American interests in the area of the Persian Gulf were vital and that any external threat there would be met by military force if necessary, it was evident to all that neither the military power nor the political cooperation needed to give full meaning to his words yet existed. When the Administration set about seeking bilateral arrangements for defense cooperation, it found only Oman ready to play in the Gulf area itself, and Kenya and Somalia at its fringes. Potentially the most notable element in the emerging defense system was Egyptian President Anwar Sadat's welcome of military cooperation with the United States and the American use of Egyptian facilities. Despite the formidable naval forces the United States now kept on a long-term basis in the Indian Ocean, and major plans to develop the new Rapid Deployment Force, the efforts to impress the rest of the world that there had been a resolute turnaround in U.S. policy fell far short of persuasion.

That claim seemed unconvincing to America's allies, who found presidential leadership in an election year far less than decisive. Not that the allies, either in NATO or in the European Economic Community (EEC), were more purposeful. On the Middle East they appeared even less so. In their troubled state over American leadership on major problems of the area, they sought more often than not to go their own way.

The East-West dimension—the Soviet threat and superpower competition—remains a central feature of the Middle East situation, and in the wake of Afghanistan tension is now at a postwar peak. The view from the Kremlin must have looked far less promising to the invasion's authors at the end of 1980 than 12 months earlier. The security planners in Moscow could scarcely have greeted with pleasure the rising American profile in and around the Middle East, especially in the blue waters of the Indian Ocean, backed up by a resurrected strategy of containment which a "peace-loving"—to use one of the Russians' overused words—President adopted with the endorsement of a widening American consensus. The damage to the Soviet Union's self-cultivated image in the Third World as the champion of the anticolonialists was especially severe among the Islamic countries.

Over the past dozen years Soviet-American rivalry has aggravated regional crises and been sharpened by them. But this is not to suggest that the superpowers have created the instability of the

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Middle East. The wrenching changes of the postwar period, and the newness of the postwar states, would in any event have brought with them a constant threat of internal upheaval—as the Iranian Revolution and resulting hostage crisis illustrate. And the depth of regional rivalries and antagonisms in the area was well demonstrated in late 1980 by the war between Iraq and Iran.

So, in a sense, all the elements that combine today to make the Middle East the most volatile and threatening area in the world were at work during 1980. What has never been a stable international system at any time in the last 35 years now seems to be disintegrating into what could become a vicious circle of conflict, action and reaction. Before we examine the events of the year itself, let us draw back briefly to look at the postwar history that had brought the area, and the actors in it, to the present dangerous state.

II

Through the nineteenth century and up to 1945, regional politics in the Middle East, even among the handful of sovereign states, was in essence a projection of European politics. Then, in a quarter-century, the number of sovereignties in the Middle East and North Africa nearly quintupled, as a result of the withdrawal of the former imperial powers. With so many new states having little or no prior experience in the conduct of interstate relations, particularly on the basis of concepts of territorial sovereignty that are alien to Islamic tradition, they could hardly fail to be erratic.

From the first the Soviet Union and the United States have been involved. Soviet objectives were primarily strategic, to exclude extraregional powers from the area and to extend the range of the Soviet Union itself in a broadened sphere of influence, embracing at least the bordering Middle East states "at its back door." In these states, including Afghanistan, tsarist Russia had vied with imperial Britain; it was almost inescapable that this rivalry should be renewed with the successor checking power, the United States, which built a position of preponderant influence in Iran after the removal of Premier Muhammad Mosaddegh in 1953.

In the first postwar decade U.S. interests, too, were primarily strategic. But as time wore on the United States developed two additional key elements of national interest—a strong moral commitment to the survival of Israel and a crucial American stake in the oil of the Persian Gulf. Although Britain and France had long historic ties with the area and depended much more heavily

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on Middle East oil, the British in particular were forced to withdraw from Egypt in 1954–56, and the failure of the Anglo-French Suez expedition of 1956, largely because of American condemnation, left the United States in the position of paramount custodian of Western interests west and north of Suez. East of Suez the United States continued its partnership with Britain and accepted the latter's superior responsibility. So long as Britain retained its paramount position in the Persian Gulf, the Western powers were able to assure adequate protection to the rapidly growing oil industry in the Gulf and dependence on it in the industrial states.

In the next ten years, American power was such that its role could be maintained without serious strain. In 1958 U.S. forces landed unopposed to quell an incipient civil war in Lebanon. Meanwhile, the Soviet Union turned to an opportunistic strategy, stressing especially massive aid to Egypt. For 15 years Gamal Abdul Nasser, the Egyptian leader, towered over Arab politics, extending his military arm into the Arabian peninsula.

There followed the first of three key events, and dates, that have shaped the present state of the Middle East. In *1967*, after Nasser had closed the Gulf of 'Aqabah, Israel's southern access to the sea, with the United States and other Western nations responding indecisively to a clear breach of the 1956–57 understandings, Israel took matters into its own hands, and in six days decisively defeated Jordan and Syria along with Egypt, emerging in control of large Arab areas. The United States by stages became more clearly the unilateral guarantor of Israel's security and defense posture. In the attritional war of 1969–70, an American-supported Israel held off a Soviet-supported Egypt, while in September 1970 both the United States and Israel joined to hold the ring in Jordan, preventing Syrian intervention while King Hussein dealt with what represented in effect a radical Palestinian insurrection. It was a high-water mark in American effectiveness and prestige and another defeat for the Soviet Union, which was already a strong covert supporter of the Palestinian radicals.

In *1971* two developments started a downward swing in relative American power. Largely because of the rapid growth in U.S. demand for oil, the United States lost its energy self-sufficiency and started enlarging its imports of Middle East oil. In the new tight market, the Organization of Petroleum Exporting Countries (OPEC) achieved the first major price rises. Where once the major multinational oil companies, mainly American, had decided the price of oil, the operations of these companies in the Persian Gulf,

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as in OPEC generally, were now nationalized, and control of both price and supply passed to the producer governments to the point where by the end of the 1970s almost all dealings took a government-to-government shape. While the power transfer involved was economic, at least on the surface, the impact on the prestige and strategic standing of the United States was substantial and became progressively greater in the decade as American dependence on imported oil grew.

The second development was the final withdrawal of British armed forces and military advisers from posts "east of Suez"—in 1967 from south Arabia and four years later from the Persian Gulf. The United States—applying the Nixon Doctrine of 1969 of reducing direct American participation and relying on local governments and forces to assure their own external security—expanded only modestly its very limited military position in the Gulf area (consisting chiefly of a token naval flotilla operating out of Bahrain and a naval and air base on the British atoll of Diego Garcia in the middle of the Indian Ocean, 2,500 miles south of the Persian Gulf) and instead supported, as new "twin pillars" of Gulf security, Iran and Saudi Arabia, both now rich from oil and encouraged (Iran especially) in massive arms purchases chiefly from the United States. The United States had moved in the 1950s and 1960s to fill the gap left by the effective British and French withdrawals from the Mediterranean littoral areas. In the 1970s it made no such move in relation to the Gulf. No doubt the reasons had to do with the Vietnam War mood and congressional resistance to the defense costs that would have been entailed, but there was no indication that any policy other than relying on the Shah (and to lesser extent the Saudis) was ever considered. America's chips were placed heavily on one major bet, that Iran under the Shah would remain stable, grow in power, and continue acting in close parallel with U.S. interests.

Meanwhile American policy was indeed active at the western end of the area. In 1972 Nasser's successor, Anwar Sadat, evicted Russian advisers and technicians from Egypt, but a year later used Russian arms to mount an initially successful surprise attack on Israel at the Suez Canal. With Secretary of State Henry Kissinger in the lead role, the United States intervened with the cooperation of the U.S.S.R. to halt the war, and then went on to mediate withdrawal agreements, a process from which the Soviet Union was largely excluded. It was a brilliant success in geopolitical terms, and seemed for a time to have reduced Soviet influence in the Middle East to a low point. But when the initial

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separation-of-forces agreements did not lead to a more comprehensive settlement, a very high share of American policy attention was (and probably had to be) devoted to continuing mediation efforts and to supporting Israel, Egypt and (for a time) Syria with a very high percentage of the total American foreign assistance program—at the expense of other concerns in the Middle East and elsewhere.

The 1973 War was, among other things, a clear demonstration that the basic détente agreements reached with Moscow in 1972 would have little bearing on the Middle East: the superpowers were as far as ever from any understanding or guidelines on what they might do and where and how, in what was already the most critical and sharply contested area in the Third World. It should not have been surprising that the Russians moved in the mid-1970s to consolidate their influence at the southern exit of the Red Sea in South Yemen, and then supported a Marxist coup in Ethiopia in 1976, accepting in the latter case the loss of a previous position in rival Somalia. In April 1978 another Marxist military coup in Kabul (by officers trained in the Soviet Union over the preceding two decades) brought to power a Soviet-oriented regime in one of the three adjacent Middle Eastern countries that had been one of the prime historic objectives of Russian action along its southern border.

In all probability the United States could not have prevented any of these Soviet moves, and perhaps the failure to protest them more loudly reflected a sense that mere words would underscore American helplessness. But neither did the United States take any steps to redress the balances, local and regional, that were being progressively threatened. In particular, U.S. security relations with Pakistan, instead of being restored or tightened, were virtually cut off in 1977–78 to emphasize American denunciation of Pakistan's clandestine attempt to develop a nuclear-weapon capability, with the added factor of disapproval of General Zia ul-Haq's military regime. To Soviet leaders it may well have appeared that the United States was prepared to accept what amounted to a clear change in the neutral status of Afghanistan that had been the accepted, though never firmly agreed, state of affairs going back to the mid-1920s.

By *1978* a strategist familiar with the nineteenth-century struggle between Britain and Russia would have said that in the twentieth century version of that struggle—now embracing a wider geographical area stretching to the Mediterranean and into North Africa and the Horn of Africa—Russia had made gains at

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the western and eastern extremities but that the center and high ground were still in the U.S. sphere. The reliance on Iran, in particular, had moved to the point where the Shah was received in Washington with at least the same deference as the heads of state of major formal allies in NATO and the Pacific. Neglecting Pakistan, ignoring Afghanistan, Washington clung to the policy of supporting an absolute ruler on whose internal policies it had in fact ceased to have any of the effective influence of the 1950s and 1960s, before the oil boom made the Shah financially independent and placed him in a position to affect the U.S. energy situation directly.

The Iranian Revolution was primarily an internal convulsion, whose causes have been well analyzed elsewhere. Soviet influence has played little part in its origins and in its course up to the present. But in terms of geopolitics and prestige, the overturn of the Shah dealt a heavy blow to the United States. This is no place to reargue the impossible choices faced by the Carter Administration in the climactic months of the revolution, or the wisdom of the decision to admit the Shah to the United States in October 1979 (even on apparently urgent compassionate grounds), which was bound to imperil American officials (and other citizens) still in Iran, or to force their withdrawal and thus take the United States right out of the picture in the ongoing revolution. Perhaps any attempt by the United States to achieve a modus vivendi with the Ayatollah Khomeini's regime would have had little success in any case so long as the revolution kept evolving through successive stages into the present struggle for power. But the seizure of the American hostages early in November 1979 transformed an already serious reverse for American policy into a humiliating and obsessive crisis that probably did as much as any single factor to defeat Jimmy Carter in the 1980 election.

The events of these three years—1967, 1971, 1978—and the continuing problems and trends they symbolize form the essential backdrop for the successive crises that were at center stage during 1980. Let us look first at the hostage crisis, which persisted throughout the year and as of mid-January 1981 was still unresolved.

III

From the start, American handling of the hostage crisis was bedeviled by the fact that the hostages were actually taken and held by a group of student radicals not under the clear control of

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any civilian authority. As seen in Washington, the student captors were terrorists who had seized and held for ransom American diplomats and property. As seen in Tehran, the captors were revolutionary heroes, who defied the "imperialism" of "the Great Satan," the revolutionary code for the United States. The hostage holders, however, were not government officials. While professing their willingness to take orders from the Imam, as the Ayatollah Khomeini came to be called, they were at the same time able repeatedly to create situations in which he simply ratified their actions.

Two days after the Embassy takeover, the Imam dismissed Mehdi Bazargan and his provisional government. For nine months, the republic had no prime minister, and a headless, truncated Cabinet managed the ministries without visible coordination or clear authority, as attested by the frequent reversal of positions on the hostages by Sadegh Ghotbzadeh, who served as Foreign Minister in much of the period. In these months—and in fact until late in the fall of 1980—there was no "responsible authority" with whom serious negotiations could be carried out, reducing the United States to the use of intermediaries of uncertain weight or reliability.

Partly for this reason, and partly because any major military action appeared likely to mean the immediate death of the hostages and risk wider complications, the Carter Administration initially adopted a measured strategy that combined efforts to mobilize world opinion with a progression of nonmilitary punitive steps that included the suspension of deliveries of military hardware previously purchased, and a freeze on Iranian assets held in the United States (and in some cases by American banks' overseas subsidiaries). Both sides, almost simultaneously, brought American purchases of Iranian oil to an end.

In December 1979, after delaying in the hope of giving the Iranians an "out" for early release, the U.N. Security Council unanimously adopted a first resolution affirming the inviolability of diplomatic personnel and calling for the immediate release of the hostages, and then a second resolution that invoked the possibility of sanctions. But the Soviet Union abstained on the second, and early in January vetoed a U.S.-sponsored third resolution that would have called for comprehensive economic sanctions. (Obviously, the U.S.S.R. was by this time playing for favor with the Iranian regime. Soviet propaganda beamed at Iran took on a strongly anti-American cast even before the invasion of

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Afghanistan on December 27, which brought to an end any hope that the Russians would be more than formal subscribers even to support for the principle of diplomatic immunity.)

The International Court of Justice (ICJ), to which the United States appealed for a judgment late in November 1979, unanimously decided six months later that Iran "must immediately terminate the unlawful detention of the United States . . . diplomatic and consular staff," none of whom might "be kept in Iran to be subjected to any form of judicial proceedings or to participate in them as witness." But the ICJ proved no more successful than the U.S. government or the United Nations in changing the Iranian position.

All statements of protest by the United Nations, the ICJ, the European Community, and especially the United States might have given central instead of incidental or no attention to Iran's violation of the strict Islamic tradition of asylum. This at least would have spoken in an idiom familiar to the Imam and his religious establishment.

The public statements of Iranian leaders had from the first stressed two demands—the return of the Shah to Iran for trial, and a formal American apology for American "crimes" in Iran. President Carter categorically rejected both, but in an effort to meet the sentiments that lay behind the demand for an apology, the Administration did lend itself in January and February to U.N.-initiated proposals for an international tribunal that might hear evidence and issue a report on American involvement in Iran. Great diplomatic effort went into the makeup of a commission that might be acceptable to both sides, but when its members arrived in Tehran in March—supposedly on the basis of informal understandings that they would see the hostages, start their work, take charge of the hostages and remove them from Iran, at least to a neutral location—the Imam's order repudiated the arrangements. The mission left in disarray; early in April the Imam announced that the fate of the hostages would be decided by the Majlis, or Parliament, for which ongoing elections were to be completed in May and which would surely take months to get down to the matter.

Faced with this breakdown and impasse, the Carter Administration cut formal diplomatic relations with Iran, initiated intensive talks with its allies on concerted economic sanctions against Iran, and (in total secrecy) approved in mid-April military plans for a rescue operation involving a helicopter-transported force of some 200 men that was intended to achieve a surprise landing in

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Tehran by night, overpower the militants, and pluck out the hostages. Concurrently, speculation sped through Washington (possibly stimulated by the Administration) that the Administration was considering some form of military action such as blockading or mining Iranian ports. Thus, when American representatives met with Europeans and found a reluctance to act that stemmed in large part from doubts that economic sanctions would be either wise or effective, they apparently obtained agreement to sanctions largely by the veiled threat that the only alternative would be a resort to strong military measures.

In the event, the rescue attempt collapsed through the mechanical failure of several helicopters before the force could reach Tehran, and in the ensuing evacuation an accident caused the loss of eight lives. On the political front the operation was condemned in most Middle Eastern countries, notably by a formal resolution of the foreign ministers of the 42-member Islamic Conference that met shortly after. Whether or not the Europeans were persuaded of the official American explanation that the rescue effort with only a limited purpose amounted to a "humanitarian" and not a true "military" action, they held their peace—but remained quite unpersuaded that cutting off areas of the residual trade trickle between Iran and the West might help bring the Iranian regime to its senses over the hostages. It was a low point in interallied relations, in a series of such points during the year.

After the April debacle, matters simply hung fire through the summer as the Majlis moved into place and the struggle for effective power in Tehran continued. Only early in September did the Imam finally suggest four public conditions that, for the first time, omitted any mention of an American apology. (By this time the Shah had died in Cairo of the cancer that had apparently lain undisclosed at the base of his medical problems for years.) The new conditions did call for the return of his property held in the United States, an American pledge of noninterference in Iran's domestic affairs, the release of Iranian assets (presumably including military equipment bought and paid for), and the barring of American claims against Iran. Although stated in extreme form, the new four points were at least negotiable, and were so noted by the President and by Ronald Reagan as the opposition candidate.

When the Iraq-Iran war started later in September, the more pragmatic Iranian leaders seemed to have reached a clear conclusion that it was time to get rid of the hostage issue and restore at least the eventual possibility of a reasonable relationship with the

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United States. But the Majlis, still heavily influenced by unbending religious professionals unwilling to make any apparent concessions to "the Great Satan," acted slowly and framed its formal position only at the beginning of November, on the eve of the American election. If they had hoped that the Carter Administration would be stampeded into accepting the conditions without further cavil, for the sake of election gains, this hope was quickly dashed. The differences, no less than the legal complications, remained vast. The next two months were consumed in strenuous efforts to narrow or close the gaps, latterly through the good offices of Algeria and against the background of threatening noises from the President-elect designed to convey that Iran had best settle with the Carter Administration.

There is little point in short-term speculation as of mid-January 1981. Looking back over the year, it seems clear that the Carter Administration allowed itself to be drawn into a number of unwise moves. It had itself initially contributed to dramatizing the issue, as, for example, by the President's contesting the primaries from the Rose Garden of the White House. The media, too, made it a constant sensation, keeping the public aroused with a sense of urgency to bring the captives home.

But most of all, the whole question of the hostages had to be seen in the context of the ongoing struggle for power within Iran. So long as the hostages were of use in that struggle, any solution was probably out of the question and the United States might have done better to sit back and wait until the power situation had sorted itself out, or some new pressure (such as the war with Iraq) cancelled out the usefulness of the hostages to the extremists in Iran. But this would have been extraordinarily difficult to present to the American people. It was, quite simply, a no-win situation from any standpoint, and there is not even the consolation that if the hostages are released the United States could then emerge with any real hope of useful influence within Iran in the near future, when the revolution may at some stage take a new and sharp turn either to relative moderation and responsibility or conceivably in just the opposite direction.

IV

The Soviet invasion of Afghanistan late in December 1979 shocked the international community. President Carter's early remark that it had changed his view of Soviet behavior more than anything in his previous years in office struck many as naïve in view of the whole Soviet postwar record. Moreover, in Afghanistan

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itself the Soviet Union had supported the April 1978 coup that brought to power a Marxist and Soviet-oriented regime, first under Nur Muhammad Taraki and then Hafizullah Amin, and later gave that regime generous aid along with multiplying Soviet advisers, as it sought to cope with a spreading rebellion. With the regime progressively threatened by the insurrection, it can hardly have come as a complete surprise to the President or his Administration that the Russians might feel they simply could not tolerate the overthrow of a client regime and would act to prevent that outcome by any means required.

Indeed, the massing of Soviet troops in the direction of Afghanistan, from at least the start of December, must have been detected by U.S. reconnaissance satellites, leaving unanswered questions about what messages may have been conveyed to Soviet leaders and what the Administration did to alert its allies and others before the event. Perhaps, in its preoccupation with the hostage crisis, the Administration simply did not come into focus until it, and the world, first learned that 50,000, shortly leveling off at 85,000, Soviet troops had poured into Afghanistan, ostensibly on the invitation of the local regime but with even that justification knocked to pieces by the fact that the then–ruler, Amin, had been crudely assassinated and his replacement, Babrak Karmal, did not even arrive on the scene until after the supposed "invitation" was extended.

From any standpoint it was a landmark event—the first use of organized Soviet forces outside the recognized Soviet bloc in Eastern Europe, a clear-cut attempt to determine the future of a sovereign and formally nonaligned country by brute force, and a move with major strategic implications. There were those who argued that the last had been paramount in the Soviet decision—that the ability to threaten Pakistan and even the crucial Strait of Hormuz from a new advanced military position, plus the demonstration of Soviet power and will, could change the whole perceived superpower balance in the Middle East and Southwest Asia with drastic long-term consequences. Others, while not denying that the Russians might welcome new opportunities of this sort, emphasized the defensive motive of simply not letting a Soviet client go down in defeat or chaos. The Soviet claim that "external forces" had been assisting the Afghan rebels—meaning the Chinese and the American Central Intelligence Agency—lacked any evidence to back it up, although it may have reflected an underlying Soviet fear about its southwestern "underbelly" if the insurgency had succeeded. The only external meddler was the

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Soviet Union. The Kremlin was more honest when it stated that it would not allow "a Marxist regime" to flow down the drain.

That this was a clear-cut use of force across international borders could not be doubted. The United States took the initiative in convening the U.N. Security Council early in January, condemning the Soviet military intervention in Afghanistan in these terms. The Soviet Union vetoed the resolution, cosponsored by five Third World members of the Council, which then convoked the General Assembly in special emergency session. The Assembly approved a mirror image of the Council draft on January 14 by a vote of 104 to 18 (with 18 abstentions), a resounding moral defeat for the U.S.S.R., which was able to enlist the support only of its satellites and a handful of states clearly beholden to it (only South Yemen in the Middle East). An almost solid front of Western and Third World, notably Arab and Muslim, countries voted for the resolution, among them Iraq, a longtime recipient of military and technical aid from Russia and one of the earliest states to conclude with it a friendship treaty.

After an initial intense round of consultations with its European allies (which however apparently did not nail down just what the American government proposed), the Carter Administration moved ahead on two immediate courses of action—the first designed to shore up Pakistan and the second to make Russia pay a price in terms of its general relationships with the West—and greatly stepped up a third and longer term effort, to strengthen the American military posture in the area and to develop a new network of security ties and military facilities there.

With Pakistan, the Administration faced the desirability of reviving ties that had lapsed (as we have noted) in the previous five years. Indeed, in November of 1979 U.S.-Pakistan relations had hit a postwar low when a mob, inflamed by false (and perhaps Soviet-assisted) reports that U.S. agents were involved in the invasion of the Grand Mosque in Mecca, burned the American Embassy with only the most feeble government efforts to protect it.

But in the new crisis the Administration moved quickly to invite the Pakistani Foreign Minister to Washington for preliminary talks, after which it announced publicly an offer of $400 million in military and economic aid to Pakistan. However, it quickly became apparent that there had not been a real meeting of minds; Pakistan wanted a firm new American commitment to replace the SEATO Treaty which Pakistan had allowed to fade away under President Zulfikar Ali Bhutto.

The only remaining U.S. undertaking was a 1959 executive

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agreement, never submitted to Congress, that called only for the two parties to consult in the event of attack. Soundings on the Hill indicated to the Administration that even if it wished a new treaty such action would be approved by the Senate only with considerable accompanying criticism of Pakistan's nuclear and human rights record, and possibly even continuing conditions. So the Administration felt able to offer only a reaffirmation of the 1959 agreement, possibly endorsed by a general congressional resolution.

Early in February Presidential Assistant Zbigniew Brzezinski and Deputy Secretary of State Warren Christopher traveled to Pakistan, only to receive a clear rebuff. Obviously Zia (who had called the original aid offer "peanuts" and spoken in terms of two to three billion dollars as the scale of Pakistan's needs to rebuild its armed forces and its economy) felt American aid would not be very great, and above all that to align his country once more with America might invite Soviet reprisals well before he could hope to benefit from the American connection. It was a humiliating diplomatic failure, in full public view, and hardly improved by the fact that Brzezinski sought relief from the discussions by an excursion to the Khyber Pass, in which he allowed himself to be photographed pointing a rifle in the direction of Afghanistan and the U.S.S.R. Whatever the level of genuine Soviet fears, for weeks thereafter the picture was grist for Soviet internal propaganda justifying the invasion as designed to repel an American threat from the south.

Pakistan then announced that it would put its trust in the nonaligned movement and in its Islamic ties. In fact by this time the first emergency meeting of the Islamic Conference in Islamabad had overwhelmingly condemned the Soviet action. Seldom had Muslim sentiment been so aroused, and for the time being the U.S.S.R. clearly had a black eye in this quarter. Whether this would last, or what practical effect it might have, was of course a different question—as we shall see, the facade of Islamic unity was deeply fractured by the end of the year by the war between Iraq and Iran.

As for the second arm of the immediate U.S. policy response, the effort to mount a united Western set of "denial" actions that would inflict pain on the Soviet Union in general terms, it can only be described as an overall failure with at most spotty and uncertain impact. The story is more fully told elsewhere in this issue.[1] U.S. grain export limitations were undercut at least during

[1] See especially the articles by George Ball, Robert Kaiser and André Fontaine.

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1980 by increased exports from other countries,[2] although they may be more effective, if continued, in the much tighter world grain market that looms in 1981. The U.S. boycott of the Summer Olympic Games in Moscow attracted many emulators, which, however, did not include several Western allies and key states from Third World areas such as black Africa. The U.S. attempt to limit high-technology exports to the Soviet Union turned into a sieve, in view of the concerns of key NATO countries, notably West Germany and France, to preserve what had become for them ties of great domestic economic importance and symbols of the solid gains that had come in the previous decade from the combination of Ostpolitik and détente in the European framework. Probably no combination of external pressures could have caused the Russians to pull back in Afghanistan. As it turned out, the signal sent to Moscow was at best mixed—a U.S. unilateral response that may have been more decisive than expected, with its impact largely cancelled out by the picture of allied disarray.

Why the disarray? On the face of things Western Europe and Japan, which are much more heavily dependent on oil from the Persian Gulf producers than the United States—11 percent of America's daily oil needs in 1979 compared with 55 percent for Western Europe and 78 percent for Japan—should have been even more concerned over the dramatic Soviet thrust. Yet they demurred to even the limited general sanctions urged and adopted by the United States itself. In part the reasons lay in different perspectives on the significance of détente, both in terms of the overall balance between "cooperation" and "confrontation," and in terms of the specific meaning détente had developed in the 1970s in Europe.

But in part the reasons related to the Middle East itself: ever since 1956 the United States had had to pull the laboring oar for Western policy in the area, and this U.S. "trusteeship" on behalf of its major alliances had seemed to their members to be carried out at best spasmodically and recently with declining effectiveness. Some thought that America should have acted to "stop the rot" earlier, while others were inclined to the view that a modus vivendi with the Soviet Union on the Middle East was possible and desirable, and that the U.S. approach was unduly tinged with military concerns and bad judgment. (As we shall see, specific differences over U.S. mediation of the Arab-Israeli conflict rose to

[2] See Robert L. Paarlberg, "Lessons of the Grain Embargo," *Foreign Affairs*, Fall 1980, pp. 144–162.

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a new height during the year.) Conversely, while Europeans sought to excuse their reluctance to join in general measures by arguing that the basic thrust of the Western response should be "regional," they seemed to U.S. policymakers and to the American public to have little to offer, with the exception of economic aid to Turkey and Pakistan, chiefly from West Germany. The NATO alliance had simply not developed a consensus on handling Middle East problems in the common interest.

The West Europeans did take the lead in putting forward, as early as February, negotiating proposals designed to get the Russians to withdraw from Afghanistan, with provision for some sort of supervision that would restore a genuine local regime. The Islamic Conference also tried to initiate exploratory talks toward what presumably would have been a similar end. French President Valéry Giscard d'Estaing in May, and West German Chancellor Helmut Schmidt in June, attempted to raise the matter directly with Soviet leader Leonid Brezhnev, but in all cases the result was a resounding rebuff.

The reason was obvious. The new Soviet-installed regime in Afghanistan bore the heavy onus of its Soviet origin and proved totally unable to exercise any kind of authority.

From birth, it had not been not much of a regime. Taraki and his hatchet man, Amin, almost immediately after seizing power in Kabul in April 1978, had tried to rush the pace of communization in an illiterate, tribal, multi-ethnic society which in the past was held together by monarchs of local origin who came to symbolize such unity as they were able to achieve without homogenizing the culture and centralizing governance. By "suppressing" the rural landlords in the valleys, the tribal khans in the hills, and the urban "exploiters," Taraki and Amin were erasing the established lines of access from the central government to the local pockets of legitimate authority before structuring operative replacements.

Besides, the PDPA (People's Democratic Party of Afghanistan), the title taken by the Afghan communist party, had become faction-ridden soon after its formation in the mid-1960s. The PDPA consisted primarily of two groups, the Khalq and the Parcham. As Khalqis, Taraki and Amin shared the usurped power only with their factional colleagues. And they sent Karmal, the leading Parchami, into diplomatic exile in Czechoslovakia. The Russians tried to restore the integrity of the PDPA by gluing the two factions together; the externally built coalition, however, did not stick. Palpably feeling more secure with fellow Parchamis, Karmal in

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the summer of 1980 purged many Khalqis from top ministerial, bureaucratic and military posts. By then, all uncertainty about the Russians' success in legitimating their own retainer had vanished. Instead, the Afghan communists, or Marxists, to use their own label, as would-be rulers could not stop quarreling or halt the Afghan Army's further decline, and thus compelled the Russians to take over virtually total responsibility for running and pacifying the country.

With helicopters and a full panoply of twentieth-century paraphernalia, the Russians can penetrate the most remote corners of this landlocked country and flatten villages in otherwise hard-to-reach localities. But if they want to make their influence felt and endure, they have to get down to earth. No one can claim that the Aghan resistance is united. Still, the disunity is not necessarily a source of weakness, as has been contended. If the Russians conclude a deal with one tribe or community, it is not binding on the others and may not even bind the concerned group as a whole. For in the final analysis each village and tribe is striving to stay alive. In the urban areas, there is neither industry nor a solid working class, so that the workers do not lend themselves to stable organization. In a word, by endeavoring prematurely to legitimate new local leaders and institutions, the Soviet Union has been finishing the job begun by Taraki and Amin of pulverizing the society. To reintegrate it along lines more familiar to the Soviet Union would probably take a generation or more, if the Russians should persist in the experiment despite the denunciation by the international community.

In short, from the Soviet standpoint there was simply no prospect that if the Red Army withdrew there would be anything but a dramatic outpouring of anti-Soviet feeling within Afghanistan. The result might be a period of political chaos; in any event the Russians could have no hope of leaving behind an acceptable, coherent regime.

Thus, there seemed no way out for the U.S.S.R. The more historically minded of Soviet leaders may have recalled that in the mid-nineteenth century it took Russia 25 years to pacify the much smaller mountainous area of Daghistan in the Caucasus. While the present Soviet force has vastly greater manpower and sophisticated equipment, the problem remains one of subjugation and overall control that may indeed take years.

On the other hand, it would be a mistake to think of Afghanistan as a Soviet Vietnam—a comparison occasionally voiced in the media. The Afghan rebels have only limited arms, largely

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acquired from a disintegrating Afghan Army—which by the end of 1980 was estimated at no more than 30 percent of its already reduced strength at the start of the year—and any prospect of the rebels receiving from outside sources the kind of special defensive equipment that could be highly useful (such as anti-aircraft weapons capable of dealing with helicopter gunships) seemed remote. Whatever countries sympathetic to the rebel cause (including the United States) might be attempting to do through clandestine channels, any significant flow of such weapons to the rebels had to go through Pakistan, and the Pakistani government of General Zia was unprepared to jeopardize its own security by allowing such a flow. In the course of the year the Russians kept up a drumfire of veiled threats against Pakistan, and on at least one occasion conducted a raid into the refugee area in the Northwest Frontier Province. If Pakistan were to become an effective military base for the rebels, its leaders (and others) saw the strong possibility that Soviet forces might move down the Khyber Pass and occupy at least part of Pakistan—an action which might complete the disintegration of a Zia regime already shaky and in danger of collapsing for internal reasons.

So the prospects on the ground at the end of 1980 were grim. The Russians were far from pacifying the country, yet they seemed likely to persist in their pulverization of the Afghan society, largely out of sight of the world and with only occasional reliable reports, all of which underlined the relentlessness of Soviet operations.

V

In the most dramatic single act of the Administration's response to the crisis, President Carter in his January 1980 State of the Union speech elaborated upon the strategic threat to the United States and its industrial allies posed by the Soviet aggression and military presence in Afghanistan. Making it emphatically clear that the United States would not accept that action, he went on to state:

> Any attempt by any outside force to gain control of the Persian Gulf region will be regarded as an assault on the vital interests of the United States of America, and such an assault will be repelled by any means necessary, including military force.

But how could the President give teeth to what at once became known as the Carter Doctrine? In essence, a similar position had been stated by President Eisenhower in 1957 in relation mostly to

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the areas bordering on the Mediterranean. But U.S. military power there was then clearly preponderant vis-à-vis the Soviet Union, and in 1958—in the only military action taken under the Eisenhower Doctrine—U.S. forces landing in Lebanon to stabilize the political situation were unopposed.

The area of the Gulf had always been a different story. There and in the Indian Ocean, U.S. forces up to 1979 had remained at a low level even after the British withdrawal. U.S. strategic nuclear superiority was the ultimate guarantor, it may be argued, against any Soviet thrust directed at Iran or Pakistan, or the areas around and beyond them, but even that superiority was now replaced by an overall situation of nuclear parity, so that the picture of a United States that could be all-powerful in a real crunch was dimmed. In terms of conventional forces the problem was what it had always been for Britain vis-à-vis imperial Russia in the nineteenth century—the area lay close to Russia, while the United States was essentially a peripheral power in military terms, compelled to bring forces from a distance and in any circumstances hard put to maintain them at great strength unless it enjoyed a firm local presence or at least ready access to local areas for military needs.

The problem had been perceived by U.S. strategists, and others, well before 1980. When the Iranian Revolution had eliminated Iran as a stabilizing power in the Gulf, and in specific response to a brief invasion of North Yemen from Soviet-oriented South Yemen, the Carter Administration early in 1979 sent major aid to North Yemen via Saudi Arabia and deployed a carrier battle group in the Indian Ocean, expanding the naval and air base at Diego Garcia for the purpose. Some steps were also taken to build up U.S. airlift, sealift and prepositioning capabilities, and there was repeated discussion, in and out of government, of the need for a force earmarked for Middle East contingencies and capable of being deployed there rapidly.

The Afghan crisis and the enunciation of the Carter Doctrine led to immediate expectations that these efforts would now be redoubled, and the anticipation of major increases in the U.S. defense budget, for these and other purposes, played a role in the surge of inflationary expectations of early 1980.[3] In the event the overall defense increase was limited to only about five percent (in real terms), and it quickly became apparent that it would take

[3] See the article by Messrs. Harold van B. Cleveland and Ramachandra Bhagavatula in this issue.

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three to five years to build up a major intervention capability in conventional forces.

But the Administration did move (belatedly, in the view of its critics) to establish a Rapid Deployment Force headquarters, and the units from the four services on which the RDF might call were being brought to high readiness. In more immediate terms U.S. Navy strength on station in the Indian Ocean was further increased by the end of the year to more than 30 vessels built around two aircraft-carrier battle groups with full complements of fighter, attack, antisubmarine and reconnaissance aircraft, and an assault team of Marines. The extent of present U.S. deployment capability of ground forces, according to one authoritative Pentagon statement, was limited to putting 25,000 men on the ground and sustaining them for four weeks, and it was repeatedly stressed in military circles that such a force could be effective even in local crises only if it arrived at once and thus tended to preempt the situation. Against the contingency of any Soviet ground thrust it would only be a trip-wire invoking the strategic nuclear threat—or so it seemed to most observers.

If, however, the United States was able to rely on local military facilities, then its ability to deploy substantial air power, as well as ground forces, would be greatly augmented, so that with the major naval and naval air forces already deployed there would indeed be a substantial U.S. military presence, or immediate capacity to bring military force to bear. So the second arm of the U.S. effort during 1980 was a diplomatic effort to develop relationships with states in the general region that would assure such facilities for present use or at least in the event of need.

Here the degree of success achieved was at most limited. One ideal basing area, Israel (specifically the Negev), had to be excluded for political reasons: it was felt that any direct American association with Israel, for area security purposes, would set up such hostile reactions in the Arab world as to be counterproductive. A second, Saudi Arabia, was unwilling to provide facilities in present circumstances; while the Saudi rulers welcomed U.S. supplies for their own armed forces and the new signs of U.S. resolve, they were not yet prepared to take the risks of regional or possible internal disruption, or externally supported subversion, they felt would go with this degree of direct association with U.S. military forces. Nor had they forgotten that past American utterances, notably early in 1975, had suggested that such forces might be used in (and, as they tended to see it, against) Saudi Arabia

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itself to prevent any interruption in the oil flow. Finally, at least one Arab state newly powerful in the Gulf area at least until the start of the local war in September 1980, Saddam Hussein's Iraq, remained bitterly critical of American support for Israel and kept up a determined effort of long standing to discourage Gulf states from cooperating with the United States.

Nevertheless, the United States concluded in mid-1980 agreements with Oman for naval and Air Force access to facilities on Masirah Island and on the Arabian mainland. The Air Force will have use of fields at Thamarit (in the westernmost province of Dhufar) as well as on Masirah Island (in the Arabian Sea) while the Navy will be able to call at Mina Qabus (near Muscat) and Mina Rasyut (southeast of Salalah).

In addition, along the African shores of the Indian Ocean, the United States was able to reach agreement for the limited naval use of the port of Mombasa in Kenya, and for the use of both naval and air facilities in Somalia, including the onetime Soviet installations at Berbera. But Somali President Siad Barre continued to press for large-scale American military supplies, with the possibility that he might use these to renew Somali guerrilla efforts in the disputed Ogaden area. Any revival of the 1977–78 hostilities there, in which Ethiopia had won out with Soviet support and the participation of Cuban forces, seemed a serious risk to take.

Finally, and perhaps most important, the ever-resolute Anwar Sadat in Egypt moved to support the U.S. effort in substantial ways. While not prepared to grant formal U.S. use of Egyptian military facilities on a permanent basis, Sadat cooperated in extensive maneuvers by U.S. ground forces in December in the Egyptian desert and permitted the "practice" use of airfields by the U.S. Air Force.

All in all, U.S. capabilities and the U.S. military presence in and next to the Gulf area were significantly expanded during the year. But the political underpinning necessarily remained limited.

Partly because of the problem of U.S. association with Israel, partly because of doubts about U.S. consistency of purpose, but even more because they did not wish to be drawn into a new and much more acute superpower rivalry, many of the key states in the area held themselves aloof, while others, notably Iraq and the members of the Arab Steadfastness and Confrontation Front, were totally hostile to U.S. intervention. By the end of the year influential voices in the United States were urging that the threat of Soviet control of the West's oil supply was so grave that it called for putting the Middle East on a par with the NATO area as a U.S.

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commitment.[4] But much of the area simply did not see matters in this light, or if leaders did perceive a grave Soviet threat, they were not capable of creating any meaningful regional grouping to counter it, or inclined to align themselves formally, or through concrete measures, with the United States.

While the invasion of Afghanistan undoubtedly did severe damage to the Soviet Union's image among Islamic countries (as well as to its self-cultivated image in the Third World as the champion of anticolonialism), this was to a considerable extent offset, at least initially, by the picture of Soviet ruthlessness and determination there. The sense of potentially overwhelming conventional Soviet military power continues to overhang the Middle East. The case of Ethiopia in 1977–78 has dramatically demonstrated the new Soviet capability to lift and support substantial forces over long distances.

But just how much the invasion of Afghanistan has added to the Soviet military threat remains problematical. If the Kremlin ever managed to impose a puppet regime there, it would have at its free disposal airfields and bases for ground forces that might add significantly to Soviet strength and tip the region's superpower military balance. But even such use, while possible through naked force, might be hampered by continued local resistance. In addition, the picture of the Soviet Union's inability to pacify a country of probably no more than 14 million people even with the 80–90,000 Red Army troops now deployed there, could over time tend to diminish the image of Soviet power as overwhelming. Moreover, security planners in Moscow can scarcely have welcomed the rising American military profile in and around the Middle East, especially in the Indian Ocean, backed up by a resurrected strategy of containment supported by a widening American consensus.

In political terms, the Soviet Union has been no more successful than the United States in shaping durable ties to Middle East states. In the decade just ending, witness the change in the international alignment of Egypt, Sudan and Somalia, and the cooling friendship with Iraq. The Soviet hold over South Yemen, and the ties it has formed with Libya, Syria and the Palestine Liberation Organization (PLO) are undoubtedly short-term assets, especially for disruptive purposes, but each also contains the possibility of longer term complications.

[4] See Robert W. Tucker, "The Purposes of American Power," *Foreign Affairs*, Winter 1980, pp. 241–274.

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There can be no question that the superpower rivalry in the Middle East has become much more acute in the past year. The possibility of the superpowers being drawn into some internal upheaval or regional conflict represents what is certainly the gravest threat of major war anywhere in the world today.

VI

One of the questions repeatedly raised about the Carter Doctrine was whether it could or should be applied in the event of internal convulsions or intra-regional conflict, which might in practical terms involve a serious threat to the flow of vital oil supplies to Western countries and indeed to much of the rest of the world. As it turned out, the first major event after the enunciation of the Doctrine was a case of genuine intra-regional conflict that neither the United States nor the Soviet Union had any significant part in instigating and that did have an immediate significant impact on the oil flow.

Iran appears to have been the provoker and Iraq the aggressor in the undeclared war between the two countries which broke out in September 1980, following nearly a year of border skirmishing and interference in each other's internal affairs. Islamic Republicans in Iran, even before consolidating their political power, began trying to export their revolution to the neighboring Arab states of the Persian Gulf, by appealing to the local Shi'i communities to overthrow their Sunni rulers. In Iraq, the estimated seven million Shi'is, concentrated in the southern provinces, represented a majority of the population. In the Shi'i districts are located the shrine cities of Karbala, less than 50 miles southwest of Baghdad, and al-Najaf, less than 90 miles due south of the capital. These shrine cities are of great importance to the Islamic revolutionaries in Iran, and one must assume that their propaganda appeals before the war may have been aimed, in part, at the "recovery" of the two cities. The Imam also had a personal score to settle. He had lived for nearly a decade and a half in exile at Najaf under the "godless" rule of the Ba'thi regime at Baghdad, which had concluded a deal in 1975 with the Shah. His expulsion to France in 1978, in fact, came at the Shah's request.

The Iraqi point of view, the run-up to war, and the course of the war up to mid-November as seen from Baghdad have been fully described in a recent article in this journal.[5] In essence, Saddam Hussein, who had consolidated his control over the Iraqi

[5] See Claudia Wright, "Implications of the Iraq-Iran War," *Foreign Affairs*, Winter 1980, pp. 275–303.

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government in mid-1979, felt a continuing threat from the meddling of the Iranian revolutionaries and developed his own implacable hostility to the Imam. An ambitious man, Saddam Hussein was seeking to have Iraq replace Iran as the preponderant power in the Gulf and replace Egypt—now isolated among most Arab states because of its peace with Israel—as the leader of the Arab world. There is also evidence that he was unhappy with the 1975 settlement of the borderline in the Shatt al Arab estuary, which had been moved from the Iranian side of the waterway to the thalweg (or center line), in partial return for the Shah's ending support for the draining Kurdish insurrection in Iraq. Saddam Hussein in the fall of 1980 also assumed that Iran would be a pushover, with its armed forces in disarray and without supplies for nearly two years and with internal problems among the ethnic, linguistic and non-Shi'i communities that seemed to threaten the country with disintegration. He expected specifically that the Arabs of Khuzistan—which Iraqis called Arabistan—would flock to the Iraqi banner.

In the initial phases, the Iraqi armed forces—well supplied over the years by the Soviet Union and latterly by France—did make significant territorial gains in Khuzistan, capturing or investing Khurramshar and the oil center at Abadan, and threatening the capital of the province, Ahwaz. But by December the war appeared to have become a stalemate, with Iranian regular forces and the irregular Pasdaran (or guards) putting up unexpectedly strong resistance. Iraqi expectations of an Iranian collapse were confounded; on the contrary, the Iraqi invasion of Khuzistan recalled to life a significant part of the ex-Shah's armed forces, with adequate arms and spare parts for an attritional war. The resuscitation of the armed forces, as the war unfolded, created a potential new center of power, which President Bani-Sadr in his role as Commander-in-Chief was using as a counterpoise to the religious establishment dominated through the Islamic Republican Party headed by the Ayatollah Muhammad Beheshti. In January 1981 Beheshti seemed to be striking back by trying to transform the revolutionary militia into the republic's new army. Thus, attempts were made to issue to the Pasdaran artillery and other heavy weapons for the first time, despite the opposition of Bani-Sadr and the regular armed forces. The outcome of the domestic political rivalry would depend on the outcome of the war. In the case of defeat, the religious establishment could be counted on to blame the President and his new-found allies.

Although there are indications of continued or renewed fighting

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in Kurdish areas, most of the oppositional communities—Arabs, Baluch, Turkmans—rallied to the defense of the country's integrity against the alien aggressor, giving the republic a greater inner sense of unity than at any time since the spring of 1979. Even the Arabs of Khuzistan, on the whole, seemed resistant to accepting Iraqi leadership in view of the depressed status of the Shi'is in Iraq.

Thus, even before the onset of the rainy season at the end of 1980, the war had settled down to one of attrition. Neither side had committed its forces in full. They were engaged essentially in 9-to-5 artillery exchanges, occasional air sorties, and rare naval action. On the present scale of hostilities, the war could continue well into 1981 even without major resupply: the Iranians have been making belated discovery of a growing number of the ex-Shah's military cupboards and have been receiving a trickle of parts and ammunition airlifted from North Korea and according to rumors directly from the U.S.S.R.; and the Iraqis have been replenishing their substantial arsenal (largely built up in the year before the outbreak of war) through continuing large-scale imports.

The prospects for any negotiated settlement seemed utterly remote. Iraq was determined to obtain at least a readjustment of the Shatt al Arab boundary and the Iranian regime insisted on the total evacuation of Iranian territory before there might be even side a start of negotiations.

Even though this was an attritional war, it was also a savage one. Each side aimed to destroy the other's oil industry. They targeted oil fields, pipelines, refineries, petrochemical industries and export terminals. It is still too early to assess the extent of the damage and how long it might take to repair the facilities. Nonetheless it is clear from the rationing of fuel that both sides have suffered major problems of supply and internal distribution. Even more serious is the economic chaos, perhaps greater in Iran than Iraq at the moment, but serious enough to both sides.

If the war had occurred in a region remote from international interests, the world might have sat back with the feeling that the two sides might slug it out and that they probably deserved each other. But this is an area of vital economic interest to the West and of central strategic importance to the Soviet Union. Therefore the war impacted immediately on the interested regional and international powers, enhancing their anxiety.

One of the first effects was on the volume of oil flowing from the two countries themselves. Iran, after the overthrow of the

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Shah, had cut back its production from close to 6.0 million barrels per day to less than 1.5 MBD. Meanwhile, Iraq's output was approaching 4.0 MBD by the eve of the war. The total amount both countries were exporting by mid-summer 1980 ranged between 3.5 and 4.0 MBD. The loss of this oil to the international market affected immediately the major importers from Iraq—Brazil (49 percent of its total imports), France (24 percent), Australia (14 percent), and Japan (10 percent)—and the international market generally because the shortfall had to be made up and adjustments reached on sharing the available crude.

Thus by the end of 1980 the tightened oil market had produced a new surge in the oil prices charged by all OPEC countries. Iran's own exports had been reduced to a trickle, and although Iraq in November briefly resumed shipments through Turkey and Syria, the Iranian destruction of a major pumping station in Kirkuk in December again cut off the flow of Iraqi oil almost completely. The oil market had to take into account the lively possibility that further attacks would occur in the future.

As for the superpowers, the Soviet Union had little leverage in the Gulf or with the belligerents. It was in treaty relationship with Iraq, admittedly, but those relations had been steadily cooling, as President Saddam Hussein sought to diversify Iraq's external relations in the region and beyond. Although the Soviet Union kept up a flow of civilian supplies to Iraq, and also apparently furnished limited quantities of spare parts, it sought to balance these actions by reassurances of friendly relations with Iran and by arranging, as we have seen, for the shipment of some military supplies.

For its part, the United States had diplomatic relations with neither belligerent. Yet its influence in the Gulf still overtopped that of any other power. The United States therefore took initiatives to insulate the hostilities and keep the neighboring states from entanglement.

Specifically, in the early stages, there were fears that Iran might lash out against the smaller states in the Gulf—which were generally supporting Iraq—or that the fighting might spread so as to threaten the safety of oil tankers moving from the rest of the Gulf through the Strait of Hormuz. The United States acted to meet the first of these fears by agreeing to Saudi Arabia's request to send four AWACS (Air Warning and Control System) aircraft designed to detect hostile air incursions into the Gulf. In response to the fear of a tanker interruption, the United States and other Western powers moved quietly, on the basis of bilateral consul-

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tations, to beef up their naval forces "over the horizon" from the Gulf.

In the event neither fear materialized. Iran's attacks on other Arab states were limited to occasional warning flights over Kuwait, while the 20-mile-wide Strait of Hormuz—difficult in any event for a Gulf state to shut—remained open.

As of early 1981, the danger of the war spreading seems to have receded. Nor does it now appear likely that in its present form it might engage the superpowers. Each continues to seek to balance its relationships with both sides, and it now appears that any U.S. agreement with Iran for the release of the hostages may not include the transfer of military equipment previously bought and paid for under the Shah. Over time, Iraq and Iran may seek to expand their external sources of military supply, and there may be pressure on such states as France (which had developed a strong position in Iraq), with the possibility that if either side should obtain access to major new supplies the other would seek balancing supplies from others. But in the absence of a major development of this sort, the war seems likely simply to grind on indecisively.

In the process, however, the war has opened up or widened many of the existing divisions among the states of the area, as well as creating new divisions. In particular, it immediately fractured the tightest coalition of recent years in the Arab world—the Steadfastness and Confrontation Front, which had led the struggle against the Camp David accords. Syria had fallen out with Iraq when Saddam Hussein seized power in the summer of 1979. Syria therefore, with Libya in tow, at once openly announced its support of Iran, nonetheless allowing oil to flow through the Syrian branch of Iraq's pipeline system whenever it was functioning. South Yemen quietly but firmly aligned itself with Iraq. Algeria, like the PLO but less frantically, has sought to remain neutral.

The rest of the Arab world, particularly Saudi Arabia and the smaller Gulf Arab states, fear any spread in the fighting, but are motivated by anger over the Iranian revolutionary propaganda to the Shi'i communities in their countries. Hence, they endorsed the Iraqi position but wish to avoid being drawn into the war, even though they are willing to offer silent help. The most firmly committed to Iraq is Jordan, which is far less vulnerable than the Gulf states to Iranian retaliation. Jordan therefore made available to Iraq facilities for parking military planes and especially port and trucking services for imports via a newly built trans-desert "highway" connecting 'Aqabah and Basrah.

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The shattering of Arab unity made it unlikely that the Arab League would be able to help mediate the dispute. Neither could the Islamic Conference be expected to serve as an effective mediator, because the present President of the Conference is General Zia ul-Haq, who is not popular among the Iranian revolutionaries.

Moreover, the war is already profoundly disturbing the internal situations in both belligerent countries, and to some extent their superpower relationships. Although the Soviet Union has sought to remain neutral, the distance between itself and Iraq has widened since the outbreak of war. Saddam Hussein, who eliminated leading communists soon after his ascent to the presidency, and who in any case has been trying to build up new relationships with the Arab monarchies, does not commend himself to an early restoration of intimacy. Meanwhile, Iran has not warmed up. The Imam continues to inveigh against "the lesser Satan," as he has designated the U.S.S.R., as well as the United States, with equally hostile rhetoric. While the communist urban guerrillas, known as the Fadiayan-i Khalq, or People's Commandos, appear to have been one of the first war casualties in domestic politics, the Tudeh (or Communist) Party, presumably on instructions from Moscow, continued giving unqualified endorsement to the Imam's pronouncements, even after the outbreak of the war. The Kremlin, clearly, must hope to cash in its dividends, if and when Iran may become desperate.

It is still premature to judge the long-term consequences. The longer the war lasts, the more extensive the economic and physical damage to both sides—to the oil industries of both countries, to public morale and to political leadership. There is evidence of increasing disillusionment among the Shi'i in Iraq on the wisdom of the war. As the majority, they might become troublesome. In Iran there is evidence of a continuing struggle for power within the religious establishment and between it and aspiring lay leaders. In any case, even public opposition to the Islamic leadership has become somewhat more assertive. There are no signs, in mid-January 1981, of how the war might be halted.

VII

As if American policy did not have enough to deal with in relation to the hostage issue, the Soviet invasion of Afghanistan, giving substance to the Carter Doctrine, and doing what it could to limit the war between Iraq and Iran, the year saw no letup in the pressures to produce progress toward resolution of the Arab-

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Israeli conflict. The results were mixed. Peace between Israel and Egypt went forward on schedule, but American mediation of the Egyptian-Israeli negotiations on autonomy for the West Bank and Gaza—the second part of the Camp David agreements of September 1978—could not meet the original deadline of May 1980, and at the end of the year the core issues seemed as intractable as at the beginning.

Egypt and Israel honored with studied precision the formal commitments made in the bilateral peace treaty of March 1979. As laid down in a protocol, Israel completed the phased return to Egypt of the western Sinai by January 1980. The interim withdrawal, as it was designated, narrowed Israel's zone of occupation to the eastern third of the peninsula, from which it does not have to retire until April 1982.

On normalization, which entered into effect on the completion of the interim withdrawal, the Israelis were impatient and the Egyptians cautious. Early in February 1980, the Egyptian Parliament passed a law lifting the economic boycott of Israel. At the end of the month the two governments exchanged embassies and consulates, and a few days later inaugurated a reciprocal but modest commercial air service. Israel's naval patrol boats paid occasional courtesy calls at Port Said and Alexandria, and newspapers sent journalists on special or more sustained assignments to each other's country, moving more prominently from Israel to Egypt than the reverse. Arabic publications from Egypt became available in Jerusalem; English-language Israeli publications, in Cairo.

At times, when a treaty clause could not be executed for reasons beyond the signatories' control, Sadat and Begin improvised. The withdrawal and security protocol, for example, laid down that U.N. forces and observers would supervise Israel's evacuation in stages from Sinai. Under pressure from the Arab and Soviet bloc opponents, the General Assembly disapproved the Egyptian-Israel treaty and Camp David process and thus disqualified the United Nations as a participant. The parties prevailed upon the United States to expand the role of the Sinai Support Mission, originally set up in 1975, to inspect compliance with the terms of the treaty, and Egypt and Israel supplemented this observer task with their own Joint Commission of military officers. Another difficulty arose over a provision in the normalization protocol for the construction of a highway linking Egypt and Jordan. On the refusal of Jordan to enter into the negotiating process, Egypt and

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Israel in April 1980 opened a road between Egypt and the West Bank via the Gaza Strip.

On a state visit to Cairo in October 1980, Yitzhak Navon, Israel's president, reached an informal understanding with President Sadat to open the Sinai road to Israel, supplementing air and sea routes already in use, and to encourage the development of cultural exchanges. But the Egyptian response to the provision expressing "the desirability of cultural exchanges in all fields" was sluggish, probably reflecting the fear of personal blacklisting threatened by those Arab governments which rejected the peace.

In the execution of the Egyptian-Israeli treaty, the United States played a declining role, offering its support only when requested. In the negotiations on Palestine autonomy, however, the United States had pledged that "it would participate fully in all stages of negotiations," since on this subject both parties spoke daggers. The Egyptian side was determined to keep a linkage between the peace with Israel and the search, through the Camp David process, for an agreed plan on autonomy that would unfold by stages into full self-government for the Palestinians. This inclination was reinforced by sensitivity to charges by other Arab states that, in reaching a separate peace with Israel, Egypt had broken Arab solidarity and betrayed the Palestinians. With security, the uppermost considerations of all Israelis, the Begin coalition government fused ideology. The amalgam led Israel to resort to every device to decouple the execution of the peace treaty and the autonomy talks.

Israel's autonomy proposal, from which the agenda for the negotiations derived, was severely limited. The evolution into a state of the projected Palestinian "self-governing authority (administrative council)" was wholly excluded. The mere discussion by the administrative councillors of such a plan would constitute grounds for the reintroduction of Israeli military rule and the arrest of those who might advocate statehood. Moreover, the Begin government declared that it would grant autonomy, not to the West Bank and the Gaza Strip, but to their population. This was another way of saying that it had no intention of abandoning its claims to sovereignty over the two occupied territories, that is, to the entire area of the Palestine mandate or what the governing coalition members called western Eretz Israel. Israel also left no doubt that it would continue to exercise final responsibility for security in the envisaged autonomous zone.

The scheme was wholly unattractive to Palestinians of every

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stripe, even those who may still have hesitated to accept the leadership of the PLO as then constituted. It also left no room for serious negotiations. Every item on the agenda framed by the Egyptian and Israeli teams with the assistance of Ambassador Sol Linowitz, the American negotiator—security, land, water, the powers of the self-governing authority, and elections to it—related intimately to the final settlement of the Palestine question. Were the West Bank and the Gaza Strip to constitute a sovereign entity or be absorbed as an autonomous entity by Jordan or Israel or both? On this question, Begin and Sadat could not agree at Camp David in 1978. If they had not decided deliberately to defer the decision to a later date, there would have been no accord on a framework for peace.

They did not address this question, for it was out of bounds; and therefore they did not address the question of Jerusalem either, since its future in any agreement would depend on the nature of the overall settlement into which that city would have to be fitted. With no common vision or common goals, the negotiators were condemned, by the dictates of domestic politics in Egypt and Israel, to circular talks, since there was no way of narrowing the gap between them.

Secretary of State Edmund Muskie reported in June 1980 that the parties had reached "nearly complete" agreement on the modalities of the projected elections. The only sticking point, he observed, was the question of the participation of the Arabs of East Jerusalem, on which Egypt insisted but which Israel inflexibly resisted to escape weakening its claim to sovereignty over the united city.

Divisions on all the remaining agenda items ran just as deep. On security, Israel demanded full and permanent responsibility in Judea and Samaria—the Israeli code for the West Bank—and in the Gaza Strip, for defense against "external attack, whether by conventional armed forces or by terrorist groups." The Egyptian delegation held out, no less firmly, for a local police force (as stipulated at Camp David) that could "assume its fair share of the burden for internal security and public order." The land issue, in the view of the American negotiators, could be solved only if Israel were prepared to "assure the sanctity of private property in the West Bank and Gaza" and to guarantee that the use of public land in the five-year transition following the creation of the self-governing authority would "not prejudice future negotiations on the final status of these territories." However, the Begin government's refusal to suspend its erection of new Jewish settlements,

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especially in the West Bank, foreclosed any meeting of minds. The Egyptians charged Israel with trying to create faits accomplis before the transfer of authority to the Palestinians. The Begin government and its supporters argued, in their own defense, that the founding of new settlements was no more than an assertion of Israel's rights.

On the primary issue of defining the powers of the self-governing authority in the projected five-year transition, the delegates agreed that "most matters touching daily lives of the Palestinians of the West Bank and Gaza will be under Palestinian control when the self-governing authority is established." But they could hardly be expected to discover a formula that would at one and the same time meet Israel's demand that the Palestine authority could never develop into anything more than an administrative body, and Egypt's that the authority should be vested with "full powers of self-governance."

As the President's personal agent, Linowitz shuttled back and forth between the United States and the Middle East, and in the Middle East between Egypt and Israel, keeping Jordan and Saudi Arabia—as potential (or at least hoped-for) partners in the diplomatic consortium—informed. Under the other pressures that beset President Carter, including the election campaign, he would probably have been hard put in any event to play the kind of personal role he had in 1978; he did use his credit with Sadat on occasion to keep the process going, but the negotiations never reached a point where it seemed likely that agreement could be achieved in a summit or any other forum. The negotiators spent their time, to the degree that it could be done usefully, identifying and clarifying the issues, so that at the turn of 1981 they at least had taken measure of the essential issues in any effort to reach a final solution, whenever it might become possible to agree on its contours.

Meanwhile, the Camp Davidites were buffeted by all the implacable foes of the process. With the support of the Steadfastness and Confrontation Front (Algeria, Libya, Syria, and South Yemen) to which the PLO belonged, it stepped up its acts of terrorism against the West Bankers and Gaza residents suspected of collaborating with the occupying authorities and against Jewish settlers. This tactic invited counterterrorism by vigilantes organized by religious zealots calling themselves the Gush Emunim and by other splinter groups that were springing up in response to the challenge. The PLO guerrilla and artillery assaults on Jewish villages in the Galilee led to counterattacks by Israel's armed

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forces on PLO camps in southern Lebanon suspected of mounting the violence. The Steadfasters, moreover, sponsored a crusade to isolate Egypt as well as Israel in the international community.

To this end, the PLO ground out a steady stream of resolutions, sponsored by Third World countries at the U.N. Security Council and General Assembly and in the specialized agencies. They called for the establishment of a Palestine state and condemned Israel for its counterterrorism, for founding Jewish settlements in the occupied territories, and for declaring undivided Jerusalem the capital of Israel.

On March 1, 1980 the United States joined the other members of the U.N. Security Council in unanimously passing a PLO-inspired resolution calling upon Israel "to dismantle the existing settlements and in particular to cease, on an urgent basis, the establishment, construction and planning of settlements in the Arab territories occupied since 1967, including Jerusalem." Two days later the White House issued a statement in effect repudiating the American vote on the ground that the resolution had been approved with the understanding that all references to Jerusalem would be deleted, and attributed the error to a "failure" in communications. Both sides were offended, and the impact on American and European opinion was especially severe.

Late in July a comparable resolution, also derived from the PLO, won the endorsement of the U.N. General Assembly. The latest resolution, like those that preceded and followed, reaffirmed the rights of the Palestinian people to self-determination, to establish an "independent sovereign state" and to participate "in all efforts, deliberations and conferences on the question of Palestine"; it also called upon Israel to withdraw from all Arab territories occupied since June 1967, including Jerusalem, before mid-November 1980.

The PLO initiatives stirred the Israeli hard-liners to counteraction. On the day following the General Assembly decision, the Knesset approved a hard-liner bill declaring "united Jerusalem" the capital of Israel and assuring the free "access of the religious communities to places holy to them." The action of the Israeli hard-liners was no less mischievous than that of the Arabs, and the U.N. General Assembly followed with two resolutions declaring Israel's action "invalid" and calling upon it "to rescind all measures already taken and desist forthwith from taking any action which would alter the status of Jerusalem."

The Steadfasters hardly needed encouragement, but they could, as recipients of Soviet military, economic and technical aid, count on Moscow's support at the United Nations and its specialized

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agencies. By casting their ballot in favor of the redundant resolutions, the Russians were venting their spleen over their exclusion from the peace-seeking process, to which as a global power they felt entitled. The Kremlin in 1980 gave material assistance, including the transfer of weapons, to the PLO and Syria, and with the latter in October concluded a treaty of friendship—all designed among other purposes to strengthen the Russian claim to shared sponsorship of the Arab-Israeli peace-seeking process. Egypt and Israel were the only regional countries engaged in the peace process, and neither expressed confidence in the U.S.S.R. as a suitable cosponsor.

The PLO had received observer status at the U.N. in 1974 on the strength of the growing recognition accorded to it, by the Arab states, the Soviet bloc, and increasingly by Third World countries. Exasperated with what they perceived as the inflexibility of the Begin government in the autonomy talks and with its settlements and Jerusalem policies, and animated by desire to court the Arab oil states, even many non-communist countries of Europe, notably Austria and members of the European Economic Community, formally recognized the PLO in 1980. Moreover, at its summit meeting in Venice in June, the EEC adopted a declaration setting forth its own "initiative," recommending a comprehensive Arab-Israel peace-seeking process to replace, without expressly saying so, the incremental approach of the United States. The statement reaffirmed Israel's right to existence and security "within secure, recognized and guaranteed borders" and went on to endorse "the legitimate rights of the Palestinian people," the full exercise of "its right of self-determination," and the association of the PLO with the peace negotiations.

The EEC declaration angered the Israelis without satisfying the Arabs, because it fell short of formal group recognition of the PLO and of an explicit endorsement of a Palestine state. The European "initiative" in 1980 remained at best no more than promissory, but it reflected once again the deep misgivings of America's European allies about the inability of successive American administrations to achieve peace—a failure they tended to attribute to the influence of pro-Israeli groups within the United States. Yet the European posture completely excludes Europe from any effective influence on Israel, and unless European overtures and diplomacy should somehow persuade the PLO to recognize formally and persuasively Israel's right to exist, it is hard to see what the Europeans are achieving except some political credit with the Arab side.

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As for the parties themselves, Sadat still seemed in firm control in Egypt at the end of the year, and his efforts to present himself as the man of peace were increasingly effective in the United States. But he continues to pay a heavy price in terms of the hostility of most Arab states, and even the large-scale American assistance he now receives has not enabled him measurably to ease the pressing economic problems his country faces.

The price at home was also high for Begin. The Arabs in the West Bank and Gaza Strip were growing more and more assertive and restive, as their ties to the PLO drew closer. There was a danger that the security problem could get out of hand; this time it would be a domestic, not a regional, threat. Inflation was truly running away. The year started with a rate of perhaps 110 to 120 percent; by the start of 1981 it had already exceeded 130 percent and was still climbing. The harder Begin strived to keep his rickety government together, the weaker its influence. It sought safety by withdrawing progressively into itself, becoming steadily more hawkish. Although the Begin government did manage to hold together through 1980, in mid-January 1981 the defection of one supporting party seemed to mean that new elections would be held in the spring of 1981, some months before the legal expiry date in the fall. All the polls still suggested that the opposition Labor Party would win handily, and late in December the Labor Party had finally approved Shimon Peres as its leader, thus potentially restoring unity in its ranks.

The circular exchanges in the stalemated autonomy talks were irritating and discouraging to the concerned diplomats and public. But the Carter Administration's midwifery had at least brought forth an Egyptian-Israeli peace which, fragile as it was, appeared at the close of 1980 to be consolidating, against all regional and international odds. There seems little prospect of broadening the peace in the foreseeable future, so long as the superpowers are ranged on opposing sides of the Arab-Israel dispute, and the U.S.S.R. fails to take appropriate measures to mend its relations with Israel and Egypt. The United States and the Soviet Union, pulling together, might conceivably be able to persuade Israel and the PLO to turn away from their politics of mutual destruction, for only mutual recognition can break the vicious circle. But the superpowers themselves, as we have seen, are engaged in the same brand of mutual politics across the region.

VIII

If 1980 was a dismaying year in the Middle East, the dangers it revealed and reflected loom even more disturbing into the

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future. Superpower rivalry threatening to run out of control, continued erosion of U.S. leadership in the postwar alliance structure of the West, and the world's dependence on the oil of the area—all these underline the perils of an area that remains inherently unstable and prone to regional conflict and internal upheavals.

The immediate problems faced by the Reagan Administration are grave enough. Even if the hostage issue can be resolved soon, the internal political convulsions that have played such a key role in it will go on, and their outcome will be a major determinant of the shape of the area. For any outsider to seek to influence what emerges would entail high risk. Certainly the United States will do well if it can again have normal relations with Iran, on what will necessarily be a cool and correct basis at best. But if the Soviet Union should succumb to the temptation to meddle more deeply in Iran (as it already seems to have begun to do) it could bring on a crisis more serious than anything so far.

In Afghanistan, the ball is clearly in the Soviet court. If the Russians should become directly embroiled in Poland, they will be carrying not one but two heavy burdens, and it is conceivable that they might wish to let the lesser of the two, which is surely Afghanistan, go for the time being. But this is only a remote prospect. In the meantime there is little possibility that Pakistan can be persuaded to permit greater outside aid to the rebels.

As for the Gulf itself, the events of the year have demonstrated once again that oil supplies, and thus oil prices, seem to be at the mercy less of economic decisions than of political events. There is no way for Western Europe, Japan, or the developing countries to reduce their dependence on Middle East oil. But if the United States could do so, surely an achievable objective over the next five to ten years, the effect on U.S. prestige and capacity to act in the area would be considerable. Again, no outsider can prevent convulsion or conflict, but it will be supremely important to limit the consequences.

For this purpose alone the United States surely needs to rebuild, as a matter of utmost urgency, a genuine common approach to the area with its European allies and Japan. The unique American involvement with Israel presents inescapable difficulties toward which the Europeans could be more helpful than they have been. Elsewhere it is probably more healthy to have a variety of Western interests and ties represented, provided—and it is an enormously difficult condition to achieve—Western nations can learn to act at least in parallel and not for illusory short-term national advantage. Perhaps the hostage issue in Iran—with its traumatic impact

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on American public opinion—was bound to be especially disruptive for allied relationships. But the divergence over Afghanistan had deep roots. Indeed, ever since the 1973 War the United States and Western Europe have been on different tracks in the area. The common posture adopted in the Iraq-Iran war must now be extended to the much tougher issues that might arise at any time.

But it is above all the acuteness of superpower rivalry in the area that carries with it the constant danger of a major confrontation or outright conflict. For 35 years the United States and the Soviet Union have vied for position in the Middle East. It is fair to claim that the U.S. objective has all along been a durable regional state system in which all members are guided by common rules of state performance and in which they participate for their mutual benefit, and that Soviet actions have often been, and remain, opportunistic, seeking to weaken American influence and build up its own. Recently, it has been promoting communist regimes, called Marxist possibly to allay the fears of the non-communist world, but actually under effective Soviet control. Now, even if the Soviet Union does not soon become a net importer of oil, the temptation for it to seek influence over major oil producers may be strong because of the immense leverage such influence would give the U.S.S.R. over Western Europe and Japan.

So the short-term situation is highly perilous. But as with other postwar situations of Soviet threat, there is no chance of Soviet behavior moderating unless the Kremlin sees that it cannot succeed. To this end the strengthening of the U.S. military posture now underway is essential, and with it every possible political effort to help the states of the area stabilize their own internal situations and learn to work together. If there are to be confrontations, the United States should have not only military parity, in all dimensions, but the strongest possible political support within the area and with its allies, to meet them effectively.

But in the longer term what is needed is a transformation of the international system in the Middle East, looking away from the cold war—that is, mutually destructive competition—to real, not spurious, détente, which as shown has never been tried in the Middle East. What the terms of such a real détente in the Middle East might require can only be sketched. Certainly they should include equitable commercial access to the oil of the area for all consuming countries, including the Soviet bloc. But the corollary must be an understanding that neither superpower (or any other outside nation) will seek its own exclusive preserves. Any concept

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of agreed spheres of influence (of the sort exemplified in Iran before World War I, when it was in effect divided into British and Soviet spheres) is both illusory and bound to produce conflict. The only long-term system must be one in which the states of the area stand on their own.

At best, if we are lucky, it will take no less than a decade to reach such an arrangement, and probably much longer. Both parties will have to address their mutual irritants and remove them, abandon old habits and develop new ones, and strive to frame, if not common goals, at least agreed rules of behavior.

Such a stable international system in the Middle East need not be utopian. It may not appear a likely achievement even in the present century. But without such a positive long-term objective we shall all continue as prisoners to the consequences of our lost opportunities.

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André Fontaine

TRANSATLANTIC DOUBTS AND DREAMS

The differences that arise more or less regularly between the nations bordering the two sides of the North Atlantic are customarily laid to "misunderstandings." But the fact that these differences multiplied all through 1980 indicates that there exists between the United States and two of its principal European partners something of a crisis of confidence.

It was, to be sure, not the first time this has happened: remember the Suez episode, or the U-2 incident, or, especially, the Vietnam War, when President Lyndon Johnson fumed at not receiving the slightest support from his North Atlantic allies. Then there was the Arab-Israeli conflict of October 1973, which witnessed an explosion of ill humor among the allies when they discovered the extent of their dependence on Middle Eastern oil and, at the same time, the indifference of a protector who had completely forgotten to consult them. What is new is that Europeans generally doubt the reliability of the United States, just when that country is deploring its partners' failure to maintain the solidarity of the free world.

This doubt has almost always existed in France. When President Charles de Gaulle came to power in 1958 and decided to develop France's own nuclear deterrent force, it was not just because there can be no political independence without freedom of military decision. It was also because President Charles de Gaulle was convinced that the more weapons were "modernized"—in other words, the more terrifying they became—the more a normally constituted nation would hesitate to employ them to protect regions that were not indispensable to its survival.

The doubt that de Gaulle and a few others shared has now become universal, as evidenced by a poll in *Time* on June 30, 1980, showing that 49 percent of the West German population thinks the Federal Republic should be more independent of the United States. Moreover, Jimmy Carter's vacillating behavior greatly helped to spread European doubts. That Uncle Sam was powerless

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to prevent the collapse of the imperial Iranian regime, in which he had invested so many dollars and hopes, struck Europeans all the harder for the fact that at the beginning of 1979, at the Guadeloupe summit conference, the President had still expressed great confidence about how the situation would evolve. Who would have supposed that, as we have since learned he did, he would have gone so far as to push the Shah out himself—the same man on whom, during his visit to Tehran, he had heaped the most extravagant praise, even hailing him by the title—a highly debatable one at that—of champion of human rights?

The hostage affair ended by discrediting him, even if European leaders were secretly relieved that "the Great Satan," in the Ayatollah Khomeini's term, abstained from using force in so inflammable a region. That the richest and most powerful country on earth was unable to force a gang of frenzied revolutionaries to yield seemed a chilling illustration of America's decline. Consternation was raised to its highest pitch when the fiasco of the commando raid, dispatched in April to free the hostages, became known.

Reaction in Europe was the same with regard to Afghanistan, the invasion of which had clearly been in preparation for weeks, if not months. The sanctions taken in reprisal seemed like mere pinpricks. As for the boycott of the Olympics, the fact that the West German and British committees reacted differently from the French and Italian ones did not mean that the various individuals concerned were not agreed that the gesture was pointless, but only that the former decided it was riskier to displease the Americans and the latter to displease the sports fans.

The same can be said about the cut in wheat shipments; it was obvious that with the help of Argentina and a few other champions of Christian civilization the U.S.S.R. would manage to get around it. As for the embargo on advanced technology, the president of the Federation of Chambers of Commerce and Industry of West Germany was quite correct in forecasting, at the Leipzig Fair last spring, that it would have even less effect on the U.S.S.R. than the sanctions imposed by the United Nations had had on Rhodesia. American sales to the Soviet Union in this category have never amounted to much: $200 million at the most, according to an estimate published last April in the *Financial Times*.

This is not to say that the White House—and American public opinion—did not have ample reason to lament the allies' passivity in this matter. The reactions of both Paris and Bonn certainly lacked forcefulness. In the absence of any conceivable alternative

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to détente except war—which Valéry Giscard d'Estaing conjured up as a possibility in his 1980 New Year's message and which Helmut Schmidt warned could break out, as happened in 1914, without anyone really wanting it to—strenuous efforts were exerted to find soothing explanations. French Premier Raymond Barre himself privately maintained that the U.S.S.R. was only intervening within its outer boundaries, thereby betraying his profound ignorance of the history of Afghanistan, which, after being partitioned into British and Russian zones of influence, regained complete independence in 1921.

Improving on this theme, a man as close to the President of the Republic as former Minister of the Interior Michel Poniatowski unhesitatingly declared that the invasion was a Russian move, not a Soviet one. "It appears," he wrote, "that what is taken for aggression and imperialism is in part, in the minds of Russian leaders, only an expansion of defense and self-protection."[1] Critics like Walter Laqueur can invoke "the heritage of Vichy,"[2] but it was in almost the same terms that, during World War II, Franklin D. Roosevelt explained Uncle Joe's behavior to William Bullitt: "Harry [Hopkins] says that he doesn't want anything but security for his country, and I think that if I give him everything I possibly can and ask nothing in return, *noblesse oblige*, he won't try to annex anything and will work with me for a world of democracy and peace."[3]

If Poniatowski's observation signified anything more than a wish on his part to feel reassured, it had just the opposite effect: it increased anxiety. In the light of the age-old czarist push toward ice-free ports, the invasion of Afghanistan could only be seen as a renewal of that threat to peace. Interpreting the invasion as a Soviet operation, on the other hand, inescapably called to mind the interventions in Hungary and Czechoslovakia: for the Kremlin it was a question of preventing by any and all means the collapse of a vassal regime. But the real question that should have been raised long before—and that applied to the United States no less than its allies—was why and how they had all, without reacting, allowed a handful of communists to seize power in Kabul in April 1978.

The answer to that question also explained the West's lack of response to the invasion: it didn't react because it didn't have the means to do so. Similarly, nothing had been done earlier to keep

[1] *Bulletin de l'Institut de prospective politique*, January 7, 1980.
[2] Walter Laqueur, "Defeatist France," *Harper's*, June 1980.
[3] William Bullitt, "How We Won the War and Lost the Peace," *Life*, August 30, 1948.

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pro-Soviet powers from occupying by force Aden, Ethiopia and Angola, or to prevent Vietnam from invading Cambodia. And if nothing could be done it was because the United States after the Vietnam War no longer commanded either the material means or the will to force the Soviet Union to clear out. Thus, in spite of all the cries of indignation the invasion aroused, the Afghan resisters are fighting alone, receiving only the most paltry amounts of help and weapons.

Basically, what both Paris and Bonn found wanting in America's attitude was not that it was too firm, but that it was not firm enough. To resist, there has to be a wall to lean against; the feeling was, tragically, that the wall was not there. The French and West German reaction would not necessarily have been what it was if the United States had had the resources to back up its stand. And the reinforcement of its military presence in the Gulf during 1980 was not on a big enough scale to change significantly the general estimate of the situation.

II

If a fear of seeing a return of international tensions lead to catastrophe has shaped the attitudes of European governments, so, too, have economics; hence the allies' extreme reluctance to impose commercial sanctions on Iran except to appease the United States. Mr. Giscard d'Estaing is, as a matter of fact, strongly influenced by Samuel Pisar, who, in his *Arms for Peace*, expounded the thesis that the way to achieve a true international détente is through the development of trade. But the fact that Europeans must import a large portion of their energy requirements from the Persian Gulf is enough to alarm their governments at the prospect of their oil supply being cut off in the wake of an armed conflict. It was already bad enough to have to endure a doubling of the price of crude a few months after the fall of the Shah's regime. But that, in turn, caused a rapid rise in the inflation rate: 21 percent in Italy, 16 percent in Britain, 13.5 percent in France, and 5.5 percent in West Germany.

The brutal rise in the price of oil imports inflicted such a shock on trade balances that it became necessary to export more at any cost—but this had to be done in a world where, because of the energy crisis and competition from Japan and certain developing countries, demand was tending to slack off. For all the countries of Western Europe, the markets of Eastern Europe constitute an important source of revenue which they could not forego without experiencing still further increases in unemployment, which in

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1980 reached alarming levels: more than 2.1 million in Britain, more than 1.6 million in France, and about one million in West Germany. The latter, for the first time, experienced in the summer of 1980 a deficit in its balance of payments. As it happens, West Germany's exports to the eastern bloc (excluding East Germany) amount to a little over five percent of its external trade, compared to America's approximately two percent.

Another factor affecting East-West relations is the eagerness of Chancellor Schmidt, who considers himself responsible for the freedom of West Berlin and to a large extent for the fate of his compatriots on the other side of the Iron Curtain, not to provoke reprisals from East Germany. This also accounts for the extreme mildness of his reactions to the developments in Poland and to the decision of East Germany's Party chief Erich Honecker, immediately after the success of the SPD-FDP coalition in the federal elections on October 3, to increase considerably the amount of East German marks visitors from the West have to buy. Indeed, Schmidt simply limited himself to putting off to some future date the scheduled meeting with the chief of the East German Communist Party, a meeting which had already been postponed until the start of the new year because of Afghanistan.

Even in the most anti-Soviet circles, no one raised his voice in Europe to advocate postponing deals concluded with the Warsaw Pact countries in response to Afghanistan. Far from it: Honeywell-Bull France sold the U.S.S.R. the computers it needed for the Olympic games, and which IBM had to forego supplying, while Creusot-Loire signed a contract for $350 million to construct, south of Moscow, a steel mill originally entrusted to an American company, ARMCO. For his part, Helmut Schmidt signed with Leonid Brezhnev, in the course of the visit he paid him on June 30, a long-term agreement on trade and economic cooperation, the biggest West Germany has ever negotiated with the U.S.S.R. In the first three months of 1980, West German sales to the U.S.S.R. increased by 24 percent over those effected during the corresponding months of 1979. Apparently the Carter Administration got the message, for the day after Mr. Reagan's election it authorized a big deal for Caterpillar to sell the U.S.S.R.—for $79 million—machines for laying pipelines.

It is certainly a fact that the economies of the Eastern bloc countries have become very vulnerable. Growth has slowed spectacularly, productivity remains extremely low, and no one has yet come up with a magic formula to protect Soviet agriculture from the hazards of drought and poor harvests. The U.S.S.R. lacks the

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capital and technology to exploit the vast mineral resources under the subsoil of Siberia and the Arctic regions to an extent commensurate with its needs. Exporting a considerable share of its oil outside the communist bloc to obtain foreign currency, it is no longer the exclusive supplier of oil to its East European allies. The latter must consequently turn to the world market, from which they import in turn an inflation that their systems of rigid planning are particularly ill equipped to digest. In order to feed populations that have become more demanding and to increase their own productive capacity, the socialist countries have plunged headlong into an ambitious policy of importing foodstuffs and machine tools, even entire factories "ready to roll"—consequently, they are now deeply in debt.

A cynical and resolute West could conceivably deny the U.S.S.R. and its allies these credits, which, by lightening the burden of their state expenditures, have enabled these countries to increase their arms spending to the point where they have caught up with the United States in terms of military might. But men who believe in force have never been known to give up guns in order to have butter: if the West did withhold credits, the hawks and hardliners might dictate policy, and Moscow, by one means or another, might seize various sources of oil, threatening the Western economies with asphyxiation.

III

Indeed, almost half of the growing debt of the Warsaw Pact countries, some $24 billion, is owed by Poland, which every year has to import three billion dollars' worth of food—without, even at that, avoiding rationing and queues. The ideological appeal of the regime being just about zero in the country, as was evident when the election of Pope John Paul II showed it as the most Christian nation under heaven, it is no surprise that the leaders in Warsaw showed little enthusiasm on learning about the invasion of Afghanistan. This development could only increase military expenditures, which were already too high, and threaten to destroy the climate of détente so crucial to the procurement of Western aid and the maintenance of internal stability.

It is not surprising, then, that Warsaw intensified its efforts to rebuild bridges between East and West that had been cut by the Afghan affair. The personality of the Polish Party chief, Edward Gierek, contributed greatly to the success of these efforts. Giscard and Schmidt never dreamed that he would be eliminated, just as

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his predecessor Gomulka had been, for failing to anticipate and control an explosion of popular discontent.

The Chancellor spoke with uncharacteristic warmth of the Polish nation and its chief, while Giscard believed that he had established a genuinely privileged relationship with Gierek. Whenever Giscard met with the Polish leader, the subsequent joint communiqué stressed the existence of a "climate of extreme cordiality and reciprocal confidence," and the importance of the "close political dialogue" they had conducted.

This "Polish connection" was largely to blame for the blunder the French chief of state committed in going to Warsaw in May 1980 to meet Mr. Brezhnev. Having no more confidence in Mr. Carter's reflexes than in his resolve, he depended on his own gifts in trying to keep humanity from sliding farther down the slippery slope on which, in his view, it had been floundering since the eruption of the Iranian and Afghan troubles. Convinced that there was no way of getting the Soviets to withdraw from Afghanistan, he had publicly ruled out any notion of a bloc-to-bloc confrontation only a few hours after signing a communiqué with Helmut Schmidt, on February 5, declaring the occupation of Afghanistan "unacceptable." Far from agreeing with his strictures against acting *en bloc*, Washington called a meeting of the Western foreign ministers to frame a common response to the invasion; France reacted on February 8 with a brusque refusal to attend, an act which gave rise to acid comments even within Giscard's parliamentary majority, notably among the Gaullists. As for the American leaders, their irritation could be measured by the fact that none of them was available to receive Prime Minister Raymond Barre when he came to New York to deliver a speech.

Three days later, on February 11, Gierek proposed convening a pan-European disarmament conference in Warsaw. In doing this he was taking up an idea put forward by Giscard d'Estaing in an address to the United Nations two years earlier. In the mind of the President of the Republic, this conference was to be open to the 35 signatories of the Helsinki accord on European cooperation and security. Its objective would be not only to clarify the confidence-building measures provided for in the agreement but also to undertake the "limitation" and then the "reduction" of "conventional weapons with great offensive capacity," a field in which Soviet superiority is hardly disputed.

Approved with little enthusiasm by the Atlantic council, this suggestion was discussed during Giscard d'Estaing's visit to the Soviet Union in April 1979. But Brezhnev, and later the Warsaw

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Pact, insisted on adding nuclear weapons to the agenda, clearly a way of giving new resonance to the strenuous campaign the Kremlin was preparing to launch against intermediate-range missiles to be stationed on the soil of Western Europe.

Did the Elysée hope, following Gierek's proposal, that the East European countries would rally to the proposed French agenda? That would have been a way to reestablish a dialogue with the Soviet Union and—who knows—quietly persuade its leaders to use the escape hatch the foreign ministers of the European Community had opened on February 19 by suggesting the neutralization of Afghanistan under international control if the U.S.S.R. would kindly withdraw its troops.

Meanwhile, Soviet Foreign Minister Gromyko went to Paris in late April, his first visit to a Western country since the invasion of Afghanistan. The extremely virulent statement made a few days earlier by his ambassador in Paris, Mr. Chervonenko, offered no grounds for expecting that he would be conciliatory. In fact, he was extremely brutal, to the point where the French Minister of Foreign Affairs, Jean François-Poncet, lost his temper with him.

Contacts continued to be carried on, however, with Warsaw. On May 1, to everyone's surprise, the Elysée ordered the French ambassador to Moscow to attend the annual military parade. None of his Western colleagues was there. Just about everywhere, including in France, the press expressed indignation. It was unaware that Mr. Giscard d'Estaing had apparently let himself be persuaded to try his chances with Leonid Brezhnev in person. A meeting between them in Warsaw had been arranged, in great secrecy. It took place on May 18.

The idea that Mr. Brezhnev could, in a *tête-à-tête*, go back on what Mr. Gromyko had said in Paris two weeks before seemed highly naïve. Yet that alone can account for Giscard's trip to Warsaw, which was to provoke a heated reaction from Jimmy Carter, who was furious at not having been consulted. The Elysée could reply, not without some justification, that Edmund Muskie, who had become Secretary of State a few days earlier, had not consulted his French counterpart before holding talks with his Soviet colleague in Vienna, at the ceremonies marking the 25th anniversary of the Austrian state treaty. That Giscard came home empty-handed is no longer in question. Moreover, he rendered significant service to Brezhnev, whose propaganda could continue to affirm that France is more conciliatory toward the East than the other Atlantic countries.

At least one man whose irritation with Mr. Carter had become

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proverbial was bent on making common cause with Giscard d'Estaing after the Warsaw *tête-à-tête.* Chancellor Schmidt firmly asserted to the participants in a colloquium held in Bonn in mid-June that that interview had cleared the way for the journey to Moscow that he himself was preparing to make at the end of that month.

The announcement of this trip was greeted in Washington with suspicion. On June 13, Mr. Carter had warned the Chancellor not to propose to the Soviets a "freeze" on the deployment of Euromissiles. In fact, Helmut Schmidt never suggested anything of the kind, but merely pointed out that it would take some time—four or five years, he first said, then, after ascertaining the facts, three years—to position the Pershing II and cruise missiles in Western Europe, in line with the decision taken by the Atlantic council at the end of 1979. Why not use this time, he asked, to try to negotiate with the Soviets, in anticipation of a SALT III treaty limiting intermediate missiles? Although the Moscow press rejected this suggestion out of hand, the West German opposition, in this electoral period, eagerly ascribed all sorts of impulses toward capitulation to the Chancellor. Unfortunately, on reaching Washington, these accusations fell on willing ears.

The facts of the matter are that Helmut Schmidt not only stuck to what he had previously said but got the Soviets to ignore their initial *nyet.* It is essentially thanks to him that exploratory talks between the two superpowers finally got started in Geneva last October.

Meanwhile, the Polish crisis had erupted, illustrating the extreme precariousness of what people persist in calling détente. It thus struck a serious and painful blow to the hopes of mediation cherished by Messrs. Valéry Giscard d'Estaing and Helmut Schmidt. Raising the price of meat on July 1, a consequence of disastrous economic management, produced active social unrest in Poland to which the authorities responded by proceeding to arrest the "ringleaders." One immediate response to this was a wave of strikes, which, emanating from Gdansk and other Baltic ports, soon spread to cover the entire country; the other was the joining together of all the free unions constituted at that time into a single movement, "Solidarity." Finally, on August 31, the government had to resign itself to the existence of these unions and endorse 21 demands, including some relating, quite simply, to freedom of speech.

For the first time in a communist country the Party had to

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abandon the doctrine that power proceeded only from itself. It appeared unthinkable that the Kremlin could resign itself to this development, when that would entail an inevitable risk of contagion from such a confirmation of Solidarity's success. It is not surprising that many Western leaders and observers quickly concluded, on the basis of the Hungarian and Czechoslovak precedents, that the U.S.S.R. would intervene militarily rather than permit any challenge to its authority over a country of obvious strategic importance.

The tone of the Soviet press, the dismissal of Gierek, the threatening statements made in the first days of September by the leaders of East Berlin and Prague—all these fed such fears. Soon NATO took into account the concentration of troops ringing Poland. Although its Secretary-General, Joseph Luns, publicly declared that the West had no intention of resorting to force if the Soviets came in to reestablish order in Warsaw, the upper echelons of the Atlantic community unanimously favored multiplying warnings to the Soviet Union and saying out loud that an invasion would deal the sacrosanct détente a fatal blow.

Is this fine unanimity, in striking contrast to the flabby and contradictory reactions to the occupation of Afghanistan, the reason why, by the end of the year, Soviet divisions had not yet crossed the Rubicon? It hardly seems so, considering that at the very time when rumors of imminent invasion were occupying the front pages of the newspapers, France and West Germany continued to conclude big business deals with the Soviets, which indisputably increased their dependence on the Kremlin. Thus, starting in 1985, 25 percent of Western Europe's supply of natural gas will come from the U.S.S.R. What are they going to do if the Kremlin decides to turn off the tap?

Other elements also have to be considered in determining the attitude of Mr. Brezhnev and his associates—to begin with, the new team about to come to power in the United States, with whom they hope to negotiate a SALT treaty and resume the kind of relations that existed in the Nixon-Kissinger era. Then there is the continuing need the U.S.S.R. and its allies have for the West's credits, technology, and grain. And there is the fear the Soviets feel that they may find themselves in Poland confronting a large armed resistance while the Afghan mess is still on their hands. Finally, the Soviet leaders know that a decision to invade would deal a very serious blow to their relations with West European communist parties. The Italians, for their part, have threatened

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to break with them, purely and simply: already last spring their Secretary-General, Enrico Berlinguer, went to Beijing, where his Spanish opposite number, Santiago Carrillo, followed him in the fall.

Today, there are only the French Communists left to play the part of unconditional loyalists. But French Communist leader Georges Marchais' visit with Leonid Brezhnev at the beginning of the year and the support he gave to the invasion of Afghanistan stirred up eddies of protest within the Party, which could not readily withstand the shock of another invasion. Besides, the French Communist Party organ *L'Humanité* never stops repeating that rumors of a possible invasion are sheer inventions, a deliberate provocation by Western anti-communists.

Under these circumstances it would appear that the troop movements reported on the Polish frontiers were meant as intimidation: the Soviet masters wanted to persuade the Polish unions not to push their defiance of Big Brother too far and to be content with what they had obtained, knowing that the state would sooner or later do its best to take back a good part of it. The Party's best ally, in this effort, was, curiously enough, the Catholic Church. The Polish Pope is more aware than anyone else of limits not to be crossed. There is no certainty, however, that the limits in question will not be crossed by a people who have been too long beguiled with false promises, and who are today some of the worst off in Europe.

Nothing is ruled out, and it would be a grave error to believe otherwise. It goes without saying that if Mr. Reagan impressed Paris or Bonn with an excessive inflexibility that provided the Soviets with a pretext to invade, there would be more gnashings of teeth registered within the alliance. Besides, the question of the military budgets of the various member countries is already a source of continuing friction within the Atlantic Alliance. In 1978, at the insistent request of the United States, the West Europeans imprudently accepted the principle of increasing their military budgets every year by three percent in constant dollars, an engagement which West Germany is already resisting.

But in fact this does not mean a great deal. The Chancellor has maintained that in West Germany the actual increase would amount to 2.8 percent by the end of the year. (In any case, only three NATO countries were likely to reach the three percent mark.) The Chancellor also pointed out that obligatory military service in West Germany constituted a much more important contribu-

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tion to the collective defense effort than one that could only be calculated in money. It was a way of saying that if the United States were to reestablish conscription it would make a better show of firmness.

Here is an assertion to which a good many leaders and opinion-makers in the Community would doubtless be prepared to subscribe. Generally speaking, it seems to them as they observe the behavior of Americans that the latter no longer really assume their responsibilities, not only as regards the common military effort, but also as regards energy and money. Hence the growing tendency of the Community—which became quite apparent in the course of 1980, even though most of the people concerned hesitate to mention it in public—to constitute itself as a political entity more autonomous than it used to be with respect to Washington. Europe, as de Gaulle used to say, should become European.

This is, of course, the primary objective of France, even though that country is headed at present by a man the Gaullists tend to consider a usurper. It is, after all, a tradition of absolute monarchs to appropriate other people's ideas after defeating them, and those who still pine for the General can at least find consolation in the fact that Giscard d'Estaing, who used to scoff so much at their hero, is now at great pains to have it known he is inspired by him.

But even if their objective is the same, Giscard has none of the prickly passion for France that filled de Gaulle and so often led him to break lances with the United States. This President of the Republic belongs—by his birth, his tastes, his culture, and his liberal economic convictions—to the Atlantic world. While France has no wish to reintegrate its military structures into NATO, the fact is that of all the United States' allies she is the one whose military budget is showing the most growth. As for her ambitions for European independence, they hardly go beyond what Henry Kissinger, before managing American foreign policy, found perfectly normal and even, conceivably, desirable for the United States.

All the same, the French chief of state does not let an opportunity go by without pointing out that when his paratroopers intervene in this or that African country (for which he does not, as a general rule, receive many congratulations in France), they are doing so in the common interest of the Western world, directly threatened by various forms of subversion. Despite these boasts, at the end of the year there was the example of Chad, where

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Libyan forces, operating in full view of everyone, installed their protégé Goukouni Oueddi in power; clearly France is far from doing what she pleases south of the Sahara.

III

The Nine's privileged field of action in 1980 will surely have been the Middle East. Paris did not approve the Camp David agreements between Egypt and Israel and has long thought that the way to peace is through an accord between Israel and the Palestine Liberation Organization (PLO). The sole means of attaining that, however, is to exert enough pressure on the Jewish state to make it accept such an accord. It was largely at the behest of Giscard d'Estaing that the European Council, meeting in Venice on June 13, adopted a resolution approving self-determination for Palestine, and in so doing ensuring that the PLO would be associated with the negotiations as well as providing for a more active role for the Community in the search for a negotiated Middle East settlement. Most of the Nine had already said more or less the same thing, but each in its own way, and in less solemn circumstances.

Since then, the Middle Eastern situation has evolved very considerably. Syria flung itself into the arms of Brezhnev and Libyan leader Colonel Qaddafi. In Baghdad, Saddam Hussein hurled his troops against Iran, counting on both the fall of the Khomeini regime and the support of the Arab population of Khuzistan, where most of Iran's oil lies. Despite the declared support of most of his neighbors to the south, he only advanced step by step. The result is a new reduction of exports of crude and another increase in the price of oil.

Once again, the Europeans reacted by according priority to their oil supplies, and in the case of Paris, by maintaining close cooperation with Baghdad. The ample supplies of stockpiled oil and the at least temporary resumption at the start of December of two-thirds of Iraqi exports staved off panic, but no one underestimates the gravity of the situation that would arise if the Iranians carried out the threat they have so often raised of closing the Strait of Hormuz. Since this strait is, at this writing, virtually unprotected, a resort to force could well occur in that event. There does not seem to be any great difference of approach on this score between Europe and America. Obviously it remains to be seen what would happen in such an eventuality if Moscow decided it did not like what was going on.

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It also remains to be seen what impact Mr. Reagan's election will have on the Middle East situation. Mr. Carter intended to make the Camp David agreements the nucleus around which the process of pacifying the entire region would take form. Had he been reelected he probably would have increased pressure on Israel, and the pro-Palestinian stands of the Nine would have been helpful. If the new President sticks to the line he took during the campaign, he will risk opening up a serious breach between Europe and the United States. Thus, just after the election, the British Foreign Minister, Lord Carrington, took a cautious step backward by saying that implementation of the Venice resolution might be put off for the time being. The European summit meeting in Luxembourg, moreover, made no headway on this matter, as France had expected it would. It is certainly true, as *The Economist* observed on December 20, that "the prospect of a European initiative to solve the Israeli-Palestinian deadlock has never been accorded more than marginal importance" and that "the main job for the Europeans is to help the Americans in the unlocking process."

Lord Carrington's remark shows that, as Prime Minister Thatcher pledged on her visit to Washington in December 1979, Britain fully intends to remain a faithful and even unconditional friend of the United States. The victory of the Republican candidate, to whom she feels so close ideologically, can hardly have caused her to change her mind. But the new President should be under no illusions: the United Kingdom has already had to renege on its commitment to scheduled increases in defense appropriations.

Elsewhere in Europe, and even perhaps in certain circles in London, the prospect of Mr. Reagan's success at the polls was unquestionably viewed with a certain uneasiness: "a devil they don't know," as Lothar Ruehl, one of the best German commentators, called him in *The Wall Street Journal* of October 16. Because of his Hollywood past it was all too easy to think of him as a gun-toting character in a Western with his finger always on the trigger. And since nobody had much esteem for the outgoing President, the general impression was that the Americans were faced with what the London *Financial Times* called a "poor choice."

With the American election over, Mr. Schmidt, himself re-elected by a comfortable margin in October, and Mr. Giscard d'Estaing, who hopes to enjoy the same fate in May, were both relieved to be rid of Jimmy Carter, and their satisfaction led them to take apparently quite genuine pleasure in Mr. Reagan's victory.

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It is in their interest, after all, for a firmer hand to direct America's course, even if that sometimes necessitates frank explanations and leads to the resumption, over their heads, of a Soviet-American dialogue (if not what former French Foreign Minister Michel Jobert terms "condominium").

Finally, Europeans noted with interest Mr. Reagan's campaign speeches about the need to stabilize the dollar at long last. Over the last ten years the United States' free and easy manner in monetary matters with respect to its allies has contributed greatly to the growth of inflation, stimulated speculation worldwide, and discouraged productive investments. The creation in 1979 of the European Monetary System and its consolidation in 1980—on a provisional basis, at any rate—constituted new proof of the determination of at least some members of the Nine to seek common solutions to their common problems.

It remains true that the solidarity of the Nine is not exactly total: before Britain took a very firm step toward reinforcing its European ties at the end of the year, Mrs. Thatcher seemed about to slam the door with regard to the Common Agricultural Policy and the British contribution to the Community budget—problems which still have not been completely resolved. France, for her part, is blocking the candidacy of Portugal and still more firmly that of Spain, while she favored that of Greece. Greece, therefore, can celebrate two almost simultaneous developments: its entry into the European Community as a full member and its reentry into the integrated military organization of the Atlantic Alliance, from which it withdrew in 1974 to protest U.S. support of Turkey.

This last country became once again "the sick man of Europe." Terrorism raged there on a wide scale, killing some 2,000 people during the first eight months of the year. Massive aid from the World Bank and from West Germany, which acknowledged a particular responsibility there, did not keep the land of Kemal Atatürk, overwhelmed by its debts and by the growth of its oil bill, from teetering on the brink of bankruptcy. Fascists, fundamentalist Muslims, and left-wing extremists competed by every possible means to undermine the heritage of Kemalism, paralyzing democratic institutions that were, for all that, incapable of producing agreement on anything, even on electing the president of the republic.

This situation posed a grave threat to a strategic position that is doubly vital to the West, since it commands the Soviet Black Sea fleet's access to the Mediterranean and is itself close to the oil of the Gulf. Attached though they are to representative institu-

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tions, the Americans and their allies were therefore not displeased to see the army emerge from its barracks on September 12 and seize power. Some observers suspected it was something more than coincidence that NATO exercises were being conducted at that very moment on Turkish soil.

Since that date violence has diminished considerably. Only time will tell whether this calm will last. In any case, terrorism in Europe is not a Turkish monopoly. It continues to drench in blood Northern Ireland, the Spanish Basque country, and Italy, without sparing the Federal Republic of Germany or even France. Although none of the terrorists has yet been identified, the bombs that went off in the Bologna railway station, at the Munich beer festival, and in front of the synagogue on the Rue Copernic in Paris bear out Brecht's statement that "the womb from which the foul beast issued" is still fecund.

It need not be so. The aggravation of the economic crisis and of the fundamental imbalances within states—and even more between the developed and the underdeveloped states—together with the lack of vision of the leaders both East and West, have spread miasmas of despondency and selfishness throughout the populace. People who are downcast, fearful about the future, watching the living standards of which they were so proud gradually deteriorate, must have an ambition that drives them to surpass themselves if they are to regather their energies and regain confidence and vigor. Can one imagine an ambition more ennobling and at the same time more necessary than seeking to reconcile East and West in order to assure the survival of humanity, which is threatened by scarcities of every sort and even by war?

Is it too much to dream that Europe might play a part in this effort at reconciliation? That effort would surely mean convincing the capitalist world, the communist world, the oil producers, and the non-oil-producing countries of the Third World that there is no other way.

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Harold van B. Cleveland
and Ramachandra Bhagavatula

THE CONTINUING WORLD ECONOMIC CRISIS

In some ways, the world economic scene in 1980 was a rerun of 1979, with rapidly rising oil prices, a business slowdown in the industrial world, balance-of-payments trouble in developing countries, too little stability in financial markets, and too much inflation. But there was a significant change, too, in 1980, above all in the perception of the world's economic troubles and what to do about them.

The most important change was the growing recognition that since the early 1970s the industrial world has been caught in a low-growth trap. One element of the trap that was particularly evident in 1980 was the volatility of financial markets. It has frustrated the efforts of governments to stimulate demand and create the conditions of rapid growth. Another perception is that the stubborn persistence of inflation cannot be overcome by a policy of reducing money growth gradually. Still another new perception is that real energy prices will continue to rise rapidly and indefinitely because the world's demand for energy is less responsive to high prices than was earlier thought. Above all, governments are coming to acknowledge that persistent high inflation in the United States and some European countries is the single most important feature of the world economic crisis and the leading cause of inadequate growth.

II

The year ended as it began, with the U.S. financial markets in disarray. Between early January and late March, short-term interest rates had climbed over four percentage points, before sweeping credit controls imposed by the Federal Reserve broke the interest-rate spiral. The now-familiar drama was repeated at the end of the year with most interest rates surpassing the record highs they had set in March.

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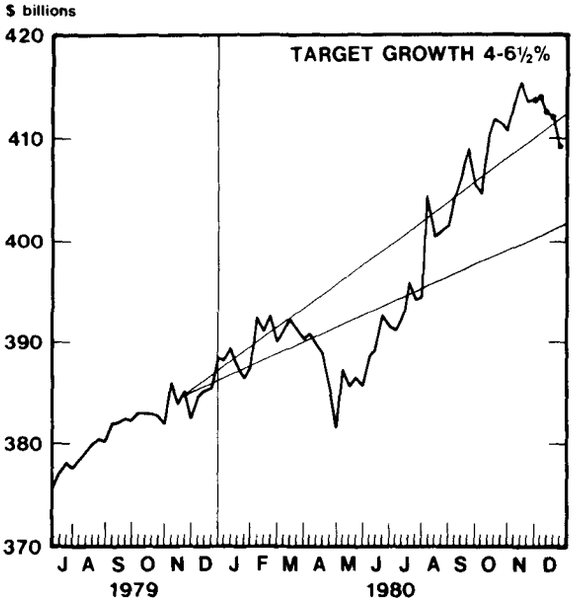
These sudden financial explosions have much in common with the liquidity crises that used to trouble the United States before World War II—but with an important difference. In the past, money was in short supply when the Federal Reserve tightened credit or when gold flowed abroad. As a result, market interest rates climbed sharply. In 1980, by contrast, the two market panics followed on the heels of a sudden expansion, rather than a contraction, of the money supply (Graph 1). The outcome was nonetheless much the same as in earlier panics. For the burst of money growth signalled to the markets that there would be a subsequent tightening of Federal Reserve policy or even the imposition of direct controls on credit that might make funds unavailable at any price. The anticipation of a credit crunch became self-fulfilling and interest rates soared.

The U.S. money supply had begun to rise strongly in November

GRAPH 1

U.S. MONEY SUPPLY
AVERAGE OF DAILY FIGURES
(WEEKLY, SEASONALLY ADJUSTED)



The chart shows levels of the U.S. money supply (M1-B) since mid-1979. The cone centered in November 1979 shows the upper and lower bounds of the Federal Reserve's money target for the period fourth quarter of 1979 to the fourth quarter of 1980.

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1979, despite the Federal Reserve's solemn promise only the month before to improve money control. This monetary surge, which persisted into late February 1980, came at a time when market expectations of more inflation and higher interest rates had just been excited by a wider than expected U.S. budget deficit together with the prospect of increased defense commitments caused by the Soviet invasion of Afghanistan. A further acceleration of the U.S. money supply late in January proved to be the last straw. In the last week of the month, interest rates took off as the markets became convinced that the Federal Reserve would now have to tighten credit sharply in order to slow money growth.

The Federal Reserve did tighten credit and succeeded in slowing money expansion late in February. But now a new psychological factor—the public's anticipation of credit controls—took over, and interest rates continued to race upward. Federal Reserve officials were talking openly of a need for direct controls to stem the market's insatiable demand for credit, and these hints quickly proved to be self-fulfilling. On March 14, the Federal Reserve imposed for the first time in U.S. history comprehensive peacetime credit controls. Credit demand, cut off at its source, subsided suddenly, money growth fell, and interest rates plunged. The crisis was over.

But not for long. The sudden interruption of borrowing in March, coming at a time when U.S. business activity was already weak, dealt a severe blow to consumer confidence and retail spending, and the U.S. economy appeared to be headed into a severe recession. (During the April-June quarter real gross national product [GNP] fell at a ten-percent annual rate.) Not surprisingly—it was, after all, an election year—the Federal Reserve responded early in June with a policy of easing the money supply, which it maintained through the summer and fall. Once again, the money supply ballooned, rising far above the Federal Reserve's official target (Graph 1).

This about-face in Federal Reserve policy set the stage for the second financial panic of the year. As rapid money expansion persisted through summer and fall, the markets' hopes for less inflation evaporated. Interest rates surged again. Remembering the earlier crisis, the market began to anticipate still higher rates. Between the end of July and the end of October, short-term rates moved up five percentage points. Soon a panic psychology took over, and by mid-December rates had gained another five points as money growth and credit demand exploded. As this is written, the second crisis is subsiding—this time fortunately without the

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aid of credit controls—as markets begin to accept the evidence that the Federal Reserve is determined to slow money growth in the wake of Ronald Reagan's election as President.

Why has the behavior of U.S. financial markets changed so radically in recent years, topping all previous postwar records not only for the sheer magnitude of interest-rate gyrations but also for their frequency? After all, until the 1970s, such interest-rate movements had not been seen for generations.

The answer lies in the wild gyrations of policy that have characterized Federal Reserve management since the first oil shock in 1973–74. Typically, in recent years monetary authorities—and not only in the United States—have made little effort to calm or reassure financial markets. Instead, they have added to uncertainty by allowing wide gaps to develop between their stated intentions and subsequent behavior. Monetary targets are now routinely announced and routinely missed, and so the markets try to protect themselves from the vagaries of monetary management by reacting quickly to every sign of a change in the direction of policy. Interest rates go up sharply when the money supply balloons, in anticipation of still larger increases when the Federal Reserve again turns restrictive. And the same thing happens on the down side when the Federal Reserve finally gives evidence of a firm intention to slow money growth again.

The financial markets' hair-trigger reactions to each blip in money growth enormously complicated the Federal Reserve's task of monetary control. The authorities and the markets simply chased each other up and down the interest-rate gamut, each blaming the other for the trouble.

This process of mutual frustration by the authorities and the markets has damaging effects on the general economy. A climate of gyrating interest rates and securities prices is naturally bad for business confidence, for investment, and for consumers' willingness to spend. Small wonder that at the end of the year, the U.S. economy was going nowhere fast, and that the semi-stagnation of business activity that had characterized the economy since early 1979 seemed likely to persist through 1981.

Although the U.S. domestic financial markets held the limelight in 1980, the wild swings of U.S. interest rates also affected other countries by inducing large fluctuations in the exchange rates of their currencies vis-à-vis the dollar. The two upthrusts of U.S. interest rates in the spring and fall attracted large financial flows into U.S. dollar investments. The resulting upward pressure in exchange markets pushed the dollar up against the German mark

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from 1.71 marks in early January to 1.98 marks in early April. When rates fell back in the summer, so did the dollar, only to explode again in the second half of the year from 1.74 marks at the end of July to over 2.00 marks in mid-December. The behavior of the other European currencies against the dollar was similar, except in the case of sterling, which remained high against the dollar right through the year.[1]

The dollar's unwarranted strength against currencies other than sterling had its own undesirable consequences. Through most of 1980, the countries with traditionally strong currencies—Germany and Japan—have been faced with major outflows of financial capital attracted by the high real interest rate available on dollar assets. The resulting downward pressure on the mark and the yen has tended to raise the domestic prices of oil and other imports, thus speeding inflation in both countries. In response, the German and Japanese authorities sought to strengthen their currencies by abolishing controls on capital inflows and by tightening their domestic monetary policies and supporting their currencies on the exchanges. Such moves had a restrictive effect on monetary conditions in the two countries, tending to worsen the business slowdown already developing there.

Thus, in 1980, erratic money management and oversensitive reactions of financial markets added new troubles to an already troubled world economy. The effect was to aggravate the general slowdown of economic growth that had afflicted the industrial countries to a greater or smaller degree ever since the first oil shock.

III

The past year will be remembered not only for the turmoil in U.S. financial markets but also for the beginning of a recession spilling over into 1981 and affecting all the industrial countries simultaneously. It will be the second such synchronized slump, in a world where the advent of flexible exchange rates was once thought to have weakened economic linkages among countries, rendering their business cycles more independent.

[1] The strength of sterling reflected domestic market reactions quite similar to those in the United States. British monetary growth was well above the Bank of England's target range. The authorities attempted to slow credit demand and thus money growth by successively raising interest rates. The high rates had the same effect on sterling as they had on the dollar. All year long, the pound fluctuated around a level far above that justified by economic fundamentals—in particular, by a comparison between British prices and those of its main trading partners. As a result, British exports sagged and domestic unemployment began to shoot up in the second half of the year.

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The first synchronized recession was in 1974–75, triggered by the first oil-price shock. The shock jacked up the price levels simultaneously in all the industrial countries and suddenly reduced real incomes. Spending and business activity were then further depressed because governments and central banks responded to the rise in prices by policy restraint. Almost exactly the same thing happened in response to the second oil-price shock. The world price of oil spurted from an average of $12.91 a barrel in the fourth quarter of 1978 to $23.54 in the fourth quarter of 1979 to an estimated $33.00 in the final quarter of 1980. Once again the authorities in all the industrial countries responded by tightening money supply more or less simultaneously. The result was a second synchronized business slowdown.

Early in the year, the 1980 slowdown seemed likely to be a lot milder than its 1974–75 counterpart, because the oil-price rise was proportionately smaller (180 versus 400 percent) and the slowing of money growth was also less. The official forecast of the Organization for Economic Cooperation and Development (OECD), in July 1980, foresaw a growth slowdown, with real GNP in the seven largest industrial countries slowing to 1.0 percent in 1980 compared with 3.5 percent in 1979. But now a full-fledged recession continuing into 1981 seems to be in the cards, principally because of the disturbances in U.S. financial markets discussed above and their impact on exchange rates and domestic policies in Europe and Japan.

Back in the 1960s—in the days of the Bretton Woods monetary system when most currencies were pegged to the dollar at fixed exchange rates—business cycles in the industrial countries were not closely synchronized (except in the case of Canada and the United States). The reason for the absence of synchronization was the way monetary impulses were transmitted internationally from the United States to other countries under fixed exchange rates. The world was on a dollar standard and the Federal Reserve controlled (albeit unwittingly) the pace of money growth in all countries that pegged their currencies to the dollar. This control occurred through the effects of U.S. monetary expansion and contraction on other countries' official foreign exchange reserves and money supplies. However, these effects occurred with variable time lags. As a result, business cycles in the United States and in Western Europe were generally out of phase. A boom in one country or region tended to offset a slowdown elsewhere. In the 1960s, properly speaking, there was no clear-cut international business cycle, but rather a series of more or less unsynchronized

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cycles within individual countries.

Against this background, it is not surprising that economists were so sure in the late 1960s and early 1970s that the breakdown of fixed exchange rates would further weaken economic links among countries. It is true that flexible exchange rates have given some countries—Germany, Japan and Switzerland in particular—the opportunity to follow less expansionary monetary policies than the United States and thereby to suffer much less inflation than in this country. In this monetary sense, flexible rates have provided some countries more independence. But in real or business-cycle terms, independence today appears to be less, rather than more, than under Bretton Woods. This is true not only because of simultaneous oil shocks and parallel policy responses to them, but also because flexible exchange rates force other countries' central banks to respond quickly rather than with a lag to shifts in Federal Reserve policy.

The reason is the greatly increased sensitivity of financial markets—in this case, the markets for foreign exchange—to changes or anticipated changes in Federal Reserve policy. So on two occasions in 1980, as we have seen, the dollar's swift rise on the exchanges (in anticipation of Federal Reserve tightening and thus higher U.S. interest rates) forced the German central bank to tighten domestic credit, thereby turning a mild business slowdown in Germany into what is likely to be a 1980–81 recession.

Britain, too, is in the midst of a severe recession, worse in fact than in 1974–75. Unemployment, now close to eight percent, is the highest since World War II. In Britain's case, though, the synchronization with the European and U.S. business cycles is more accidental. The British recession is mainly the result of the financial markets' belief that Prime Minister Margaret Thatcher means business and that she may yet succeed in making the Bank of England bring down money growth and reduce inflation. This state of mind has led not only to the pound's exaggerated strength on the exchange markets but also to an increase in the public's willingness to hold pounds, which has reduced the velocity of circulation of money in Britain, thereby slowing spending and lowering business activity.

Once again, market reactions have taken the play away from the authorities, yielding economic consequences as untoward as they were unexpected. Perhaps 1980 should be called "the year of the markets," to underline this emergent phenomenon. So far, its economic consequences have been unfavorable—in Britain, the United States, and the world at large.

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IV

Protectionism is one of the hardiest of the economic perennials: it thrives in hard times. So it is not surprising that the current recession and condition of stagflation in the industrial world are yielding a luxuriant new growth of protectionism. This has occurred in the face of repeated official pledges of loyalty to economic liberalism in international commercial policies—most recently by the OECD governments in June 1980.

Back in the mid-1970s, in the wake of the 1974–75 recession, the focus of protectionism in Europe and North America was the labor-intensive industries that were feeling strong competition from the rapidly industrializing developing world, particularly from East Asian countries such as Taiwan, Hong Kong, Singapore and South Korea, and from Latin America, where textiles and consumer electronics exploded during the last years of the great postwar boom. These labor-intensive industries, along with steelmaking and shipbuilding, which were suffering from Japanese competition as well as competition from "less-developed" countries (LDCs), succeeded during the 1970s in persuading governments in the industrial countries to put in place a network of new protectionist devices. One example was the U.S. steel import trigger-price system, established in 1978.

Other measures less visible but no less damaging to economic efficiency were also adopted, many of them under the rubric of "positive adjustment" or "industrial policy." Such measures amounted for the most part to subsidies to firms or industries in financial difficulties, to enable them to maintain employment in the face of weak domestic demand and intense international competition. In some cases, the extent of public aid is so large that it verges on nationalization. In 1980 the Chrysler Corporation joined British Leyland as a ward of the state.

The new wave of protectionism also reflects in part the rising relative price of energy. The U.S. automobile industry has long felt the pressure of European and Japanese competition. But until the second oil-price shock, the superior energy efficiency of foreign cars was not a major factor in the U.S. market, perhaps because price controls have held down the price of gasoline. Also, many Americans, fond of their big cars, were willing to believe that the first oil-price shock was a unique historical event. Now, however, fuel efficiency has become a big competitive factor in the U.S. auto market, leaving the U.S. auto makers with a major problem of adjustment. Nor does it help the U.S. industry that the United

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Automobile Workers is an unusually powerful union that has been successful in holding U.S. auto workers' wages above international standards, even after adjusting for productivity differences.

In short, the rising real price of energy, along with price controls, has impaired the comparative advantage of this critical U.S. industry, which for so long enjoyed a dominant world role. The response has been a major shift in sentiment in the industry, management and labor alike, toward protectionism. For an industry that had for so long been the symbol of U.S. productive efficiency, it is an ironic dénouement.

V

The 1980 developments—interest-rate explosions, synchronized recessions, growing protectionism in advanced industrial nations, and the second oil-price shock—have also been deeply troubling to developing (or less-developed) countries. The 1979–80 rise in oil prices, together with the business recession in the industrial world, has again put severe pressure on LDCs' international payments, swelling the excess of their imports over exports and the need for international credit. At the same time, high interest rates have added substantially to the burden of their foreign debt, because for the most part the interest rates they pay on both new and outstanding loans are geared to current rates in the U.S. and Eurocurrency markets. The magnitude of the balance-of-payments blow may be seen in the combined deficit of non-OPEC developing countries, which widened from $36 billion in 1978 to $55 billion in 1979 and a projected $68 billion in 1980.[2]

As a result, LDCs' growth prospects are now a good deal less favorable than they appeared to be a year or two ago, after these countries had successfully weathered the first oil shock and enjoyed two consecutive years of real growth in excess of five percent. This incipient growth slowdown is the LDCs' real economic problem. Too often it has been hidden or upstaged by apocalyptic visions, in the media, of massive defaults and financial collapse.

The impact of the 1979–80 oil shock on the LDCs was in essence a repetition of what happened in 1974–75, when these countries faced rapidly escalating oil-import bills that reduced their command over other resources. Their relatively low oil consumption rates made significant cuts difficult in the short run, with the

[2] *World Economic Outlook*, a survey by the staff of the International Monetary Fund, Washington, D.C., May 1980.

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result that hard choices had to be made with respect to much-needed domestic investment. If the oil shock had been the only problem, these countries—especially the more industrialized among them such as Brazil, South Korea and Taiwan—might have paid their oil bills by expanding exports rapidly. But the synchronized recession in the major industrialized nations has made this less possible, just as it did in 1974–75.

A significant difference between the two oil-shock-cum-recession episodes was in the LDCs' own policy responses. In 1974–75, responses diverged: Taiwan, for example, responded by immediately restricting domestic demand, thereby cutting imports and making large foreign borrowing unnecessary. Brazil and South Korea, on the other hand, along with several other countries, sought at first to cushion the impact of the external blows on domestic income and employment by maintaining domestic demand through fiscal and monetary expansion, borrowing in the international capital markets to finance their widening trade gaps. But the recession in the industrial world lasted longer than expected, and these countries finally had to restrict domestic money growth and demand and devalue their currencies sharply.

Nevertheless, the principal non-oil LDCs as a group did succeed in large part in insulating their growth from the external shocks. In 1975, when the industrial countries were in deep recession with real GNP down one percent below 1973, the non-oil LDCs turned in a 4.5 percent positive growth performance, only a little less than 1974's 5.5 percent.

In 1979–80, however, the heavy burden of international debt, acquired in the earlier episode, is a new factor that forces all the countries to respond more promptly with restrictive domestic measures than in 1975. Moreover, this time around, soaring interest rates have compounded the LDCs' foreign debt-service problem, narrowing further the range of their discretion in domestic policy. The sharp escalation in LDCs' external debt since the first oil shock has also made the international capital markets more wary of financing their balance-of-payments gaps.

This growing external financing constraint means that the LDCs' domestic growth rates have become far more sensitive to oil shocks and foreign recessions than was the case in 1974–75. And now a third oil shock developing out of the Iraq-Iran war threatens not only to prolong the industrial countries' recession but also to force further restrictive policy measures on LDCs. In consequence, growth in 15 non-oil LDCs, which was down to 4.5 percent in 1980 (against 6.2 percent in 1979), will slow even more in 1981.

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Slower prospective growth in LDCs is not good news for international lenders, but not because it makes defaults or debt rescheduling much more likely. The incidence of such debt-management problems depends more on the adequacy of the LDCs' own policies than on external conditions. Lenders will suffer along with their borrowers simply because, in a slower growing world economy, there is less business to be done. Developing countries are now less able to insulate themselves from external shocks, but, as we have seen, this implies that their growth rates will be lower, not that they will go bankrupt.

The response of some authorities, notably the International Monetary Fund (IMF), to the non-oil LDCs' widening balance-of-payments deficits, and to reluctance on the part of international lenders to finance them, has been to call for major new concessionary lending facilities to ease the constraints imposed by the private markets. The wisdom of this proposal is doubtful. It is not clear why countries should be encouraged to follow domestic policies that the markets deem unwise and are unwilling to finance.

No doubt some developing countries will get into debt trouble from time to time and require special assistance. Some may have the political clout or the strategic importance to persuade their allies to bail them out, as Turkey did in 1980. In general, however, assistance ought to be provided under regular IMF procedures, accompanied by strict conditions to assist the local authorities to take the measures necessary to hold down domestic spending and put the balance-of-payments right. Healthy nations cannot, after all, live indefinitely on charity or political handouts. A major new official concessionary credit facility would only weaken market discipline without helping developing countries to make better use of their own resources and to live within their own means.

VI

In the advanced industrial nations the frustrations of governments and central banks are part of a larger phenomenon: not only interest rates and exchange rates but also inflation, business activity, and employment have passed beyond the authorities' control. Broad economic management, whether in the traditional Keynesian, "fine-tuning" mode or in the up-to-date form of monetary targets, seems to have reached a dead end. In the high-inflation countries at any rate, the end of the road is a condition in which the authorities are powerless either to stimulate business activity and employment effectively or to overcome inflation. This

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condition of stagflation was well established in Britain, France and Italy as early as 1977. In 1979–80, it took firm root in the United States, where it bids fair to continue indefinitely.

In this country the Carter Administration, with its "new economists" from the early 1960s, aided and abetted by an anti-monetarist majority on the Federal Reserve Board, had responded to the deep 1975 recession in the Keynesian manner with a powerful dose of fiscal and monetary stimulus. At first the U.S. economy responded with a vigorous recovery; in 1977 and 1978, real GNP rose 5.3 percent and 4.4 percent respectively. But then in 1979 inflation, which had subsided to less than five percent in 1976, had its innings. Prices began to rise swiftly, and the rise continued to accelerate in 1980, while the real economy stagnated, despite several new bursts of monetary expansion. Now it is evident to all that the United States has joined Britain, France, Italy and Canada as a member in good standing of the stagflation club.

For more than a decade, economists of a monetarist persuasion have bitterly criticized Keynesian demand management for its reliance on fiscal and monetary stimulus and its relative indifference to, or irresponsibility toward, inflation—which the managers usually attributed to oil prices, "wage push" or other causes for which they could not be blamed. The monetarists advocated "monetary targeting"—adherence by central banks to a steady, low rate of growth of the money supply—as the appropriate alternative to Keynesian policies.

In all the large industrial countries and several others, money supply targets were in fact adopted during the 1970s, and in a few countries—Germany, Japan, Switzerland—the targets were low and reasonably met; in these three disciplined countries, the targets accomplished their purpose. Inflation subsided to tolerable levels and the three economies grew at rates that were adequate, even if well below those of the 1960s. But in the other main industrial countries, high inflation persisted, and stagflation was the order of the day.

The trouble in these high-inflation countries was that by the time monetary targeting was adopted, inflation had taken deep root. Economic agents—firms, individuals, even governments themselves—had come to expect rapid continuing inflation and had developed a profoundly skeptical view of the will or the political ability of governments and central banks to put into place an effective stabilization program. In these circumstances, it came to be accepted that setting money targets low enough to

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maintain a low rate of inflation would be politically suicidal. So powerful appeared to be the momentum of the public's expectations of inflation that a major slowing of money growth was expected to yield not less inflation but rather massive unemployment. Political reactions would then destroy the stabilization effort before it had fairly begun.

Such is the conventional wisdom regarding stabilization in the United States and most of Europe. The notion is that stabilization can be achieved—if at all—only gradually, by adopting relatively high money targets and lowering them slowly over a period of years. "Gradualism," as it is now called, is the official policy line in Britain, France and Italy as well as in Canada and the United States.

From the mid-1970s on, the central banks in the high-inflation countries began to announce relatively high annual money-supply targets with the promise that the targets would be lowered gradually over a period of five to seven years. Representative of the approach was a 1977 statement by U.S. Federal Reserve Board Chairman Arthur Burns:

> It should be abundantly clear by now that a healthy and prosperous economy can be achieved only by pursuing policies that are consistent with steady progress toward restoration of general price stability. That principle is continuing to guide Federal Reserve policy. Over the past year, growth rates of the major monetary aggregates have not been excessive, and our projected ranges for the future have been gradually reduced.[3]

The Barre Plan in France, adopted in 1976, and Margaret Thatcher's 1979 austerity program for Britain, are likewise based on the philosophy of monetary gradualism.

Alas, in 1980, the emptiness of the gradualist promise to reduce money growth and inflation slowly and painlessly was revealed. In all three countries the central banks overshot their money targets by wide margins. Meanwhile, inflation remains as high or higher than when the programs began, unemployment has risen, and growth has slowed. The high hopes that greeted these programs when first announced have evaporated, particularly in France and the United States. The verdict is not yet in on the Thatcher program, and as noted, the markets are still half-betting on some slowing of British money growth and a reduction of inflation. But rapidly rising unemployment, high wage settlements in the public sector, the large public-sector deficit, the Bank of

[3] Testimony of Arthur F. Burns, Chairman, Board of Governors of the Federal Reserve System, before the House Banking Committee, February 3, 1977.

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England's scarcely concealed skepticism about its own money targets, and British industry's growing resistance to an overvalued pound—all bode ill for the Thatcher program.

Monetary gradualism fails in part because central banks have failed to alter their procedures so as to take into consideration the volatile market conditions in which they must operate today. They have as a result consistently missed their money-supply targets, for the most part on the high side. In consequence, the authorities have failed to convince the public that their commitment to stabilization is serious. Thus, even at times when money targets are met, inflation is sustained by the momentum of the public's expectations. Thereupon, rising unemployment forces the central banks to raise their money targets (frequently by the transparent device of adopting a new, higher base), so as to validate the higher price level and halt the rise in unemployment. In this way, what purports to be a policy of reducing inflation gradually, turns out to be a policy of accommodating the going rate of inflation. Small wonder the public refuses to lower its expectations of future inflation and that inflation goes on as before.

Traditionally, central banks concerned themselves with interest rates rather than the money supply. They sought to influence conditions in the general economy by altering a key interest rate such as the discount rate, the rate at which the central bank lends reserves directly to banks, or (in the United States) the "federal funds rate," the rate at which banks lend each other reserves. By altering either the discount or the federal funds rate, the central bank would increase or reduce the supply of reserves to the banking system which would increase or reduce the money supply. This would in turn raise or lower the general level of interest rates in the economy by tightening or easing credit-market conditions. The authorities did not traditionally think of bank reserves or the money supply but rather of interest rates and credit-market conditions as the objective when they altered the discount or federal funds rate.

Central banks have experienced great difficulty in adapting this operating tradition to present-day conditions in which the objective is to achieve a certain regular growth of the money supply. In order to achieve this by altering an interest rate, the central bank must be able to forecast with reasonable accuracy how banks and the public at large will respond to that interest rate. In other words, the authorities must be able to forecast the *demand* of banks for reserves and of the public for money, in order to hit their

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money supply targets.

In the disturbed conditions of the credit markets today, central banks—especially the U.S. Federal Reserve and the Bank of England—have been singularly unsuccessful in such forecasting. They have tended on average to underestimate the demand for reserves and money and thus to hold interest rates below a level consistent with achieving their announced money targets. And the forecasting difficulty has been compounded by an official reluctance to allow interest rates to rise sharply—a reluctance born in part of a traditional desire to stabilize interest rates and in part to political pressures to hold rates down in order to cope with unemployment. In a nutshell, this is why, in the high-inflation countries, money targets have been consistently exceeded.

Five years after it began to announce money targets, the Federal Reserve conceded that its customary operating procedures were at fault. On October 6, 1979, the Fed stated that "more emphasis will be placed on controlling the provision of reserves to the banking system, which ultimately governs the supply of deposits and money, to keep money growth within our established targets."[4] The implication appeared to be that direct control of the level of bank reserves would take precedence over other considerations, including the level and stability of interest rates, in the Federal Reserve's operations. More than a year has passed since this statement was made, but there seems to have been little change in Fed operations. The Fed's money target has once again been exceeded by a wide margin (Graph 1). The central bankers are still reluctant to allow interest rates to rise rapidly enough to keep bank reserves and the money supply under control.

To be sure, the disturbed condition of credit markets makes the Fed's task a difficult one, because it makes the demand for bank reserves and money harder to forecast. But, ultimately, that difficulty itself is traceable to the authorities' failure to establish public confidence in their monetary targets and in the seriousness of their commitment to stabilization.

This pattern of failure has undermined whatever confidence the public may have had in monetary gradualism. Even the authorities appear dubious. In September 1980, Federal Reserve Governor Charles Partee remarked that holding down money growth is "pretty tough for an election year."[5] Subsequently, Chairman Volcker expressed the view that the Federal Reserve's money

[4] Statement by Paul A. Volcker, Chairman, Federal Reserve Board, before the Joint Economic Committee of the U.S. Congress, October 17, 1979.

[5] *The New York Times*, September 23, 1980, p. D1.

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target for 1981 was too low to finance the 12 percent growth of nominal GNP that would be needed to sustain the recovery—a remark that could be interpreted to suggest that monetary policy ought to accommodate something close to the going rate of inflation.[6] When leaders' trumpets emit such uncertain sounds, how can the public base its economic behavior on the premise that a serious stabilization program is in effect?

In sum, monetary gradualism has become a euphemism for accommodating inflation. A gradualist approach to stabilization requires the public to maintain confidence in the program over a long period, without convincing evidence that the program is working or even that the authorities themselves believe it will work. In democracies, the electoral cycle is simply too short for that. There is not the time to make the program credible before it is overwhelmed by political resistance.

Effective stabilization presupposes a program that convinces the public that reduction of inflation to a low level is the authorities' overriding priority. The countries that have succeeded in doing this—Germany, Switzerland, Japan—did not do so gradually. They applied shock therapy. Money growth was reduced abruptly to a level consistent with achieving an acceptable rate of inflation and then held there. There followed two or three years of relatively slow growth and high unemployment but the effort succeeded. Inflation dropped and stayed down, and growth and employment eventually picked up again. In the United States and the other high-inflation countries, the meaning of this experience has been widely ignored.

VII

The sense of policy failure in the West that has accompanied the frustrations of broad economic management has been greatly reinforced by evidence that economic growth rates have slowed dramatically since the early 1970s. Yet it is only in the last couple of years that the growth slowdown has been clearly perceived and that a search for causes and solutions has begun. Witness, for instance, the repeated official references during the last year or so to the dramatic slowdown in the growth of productivity—output per man-hour in the industrial countries. The United States presents by far the most distressing picture of all the rich industrial nations, with real GNP per employed person registering declines of

[6] Remarks by Paul A. Volcker before the 43rd annual dinner of the Tax Foundation, New York, December 3, 1980.

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0.3 percent and 1.0 percent respectively in 1979 and 1980. These adverse productivity trends have not only meant slower economic growth but, in conjunction with the hike in energy costs, lower average standards of living in most industrial nations.

Both the perception of low growth and suggestions for correcting it are of relatively recent origin. As late as June 1977, a blue-ribbon commission of experts assembled by the OECD rejected the suggestion that potential GNP growth in the industrial countries had indeed slowed. The experts attributed the slower growth of actual GNP in the 1970s to insufficient demand.[7] Consistent with this thinking, the Carter Adminstration pressured Germany and Japan in 1978 to build up economic steam to pull the world economy out of its stagnation.

The delay in perceiving the new reality is, of course, understandable. It is only sustained evidence that allows observers to distinguish between the effects on growth and productivity that are due to temporary changes in demand during a business cycle and those of a more lasting nature. During the 1970s, unemployment in OECD countries was high by the standards of the 1960s, while utilization of industrial capacity (as officially measured) was low. These indicators seemed to show that demand was insufficient rather than that potential output was growing more slowly. But, in fact, the indicators were misleading. The unemployment rates were swollen by an increase in unemployment that was due to "structural" causes. Moreover, economically usable industrial capacity had been reduced in the 1970s by the steep rise in the cost of energy. But this reduction was invisible to the official measures of capacity, which therefore understated the degree of capacity utilization.

It was not until 1979, when the OECD economies reached a cyclical peak (as indicated by bottlenecks and accelerating inflation) that these misreadings of the indicators came to light. It then became clear that, since 1973, potential GNP had slowed considerably.(Graph 2).

A number of factors account for the slowing in productivity and economic growth. The most obvious and oft cited is the sharp increase in oil prices. Their impact on growth has been felt in several ways. For example, a considerable proportion of the existing stock of capital equipment in industry and transportation has become too expensive to use because of the jump in petroleum prices.

[7] *Towards Full Employment and Price Stability*, A Report to the OECD by a Group of Independent Experts, Paris, June 1977.

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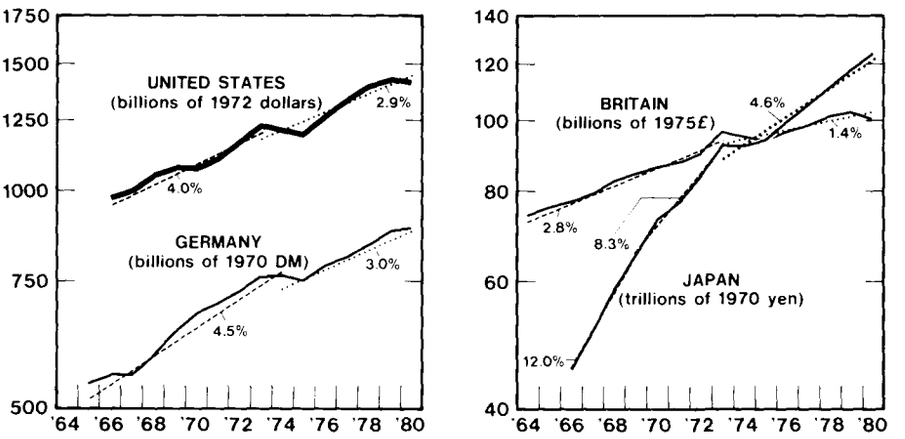
GRAPH 2

ECONOMIC GROWTH PERFORMANCE



The charts show movements in the "real" or inflation-adjusted GNPs of four major industrial countries. The dotted lines indicate estimated "potential" growth rates of real GNP. Without exception, all countries showed a deceleration in potential growth rate in 1973-74. Japan showed a prior drop in its potential growth rate in 1969-70 as its postwar catch up to the other industrialized countries ended.

A continuing effect on growth is also felt because of the channeling of an increasing amount of new investment in the oil-consuming countries toward the production and conservation of energy. For instance, in the United States 7.7 percent of gross non-residential investment in 1978 was devoted to production and distribution of petroleum, compared to only 4.9 percent in 1973, just before OPEC flexed its muscles. As more of the nation's savings are devoted to developing new energy sources or to conserving energy, less investment capital is available for the rest of the economy.

Finally, oil and its derivatives have, over the years, become an indispensable part of household budgets, so that every increase in petroleum prices has brought forth only a partial adjustment in the form of reduced use. As a result, household outlays for energy—for gasoline, utility bills, etc.—have commanded a greater proportion of household budgets. This has left oil consumers poorer and reduced both their savings and their consumption. Both factors have tended to reduce growth.

Apart from oil shocks, there have been a number of trends in the industrialized world that have impinged directly on productivity and growth. The most obvious one is the growing cost of

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government, direct and indirect. Rising marginal tax rates in an inflationary environment have boosted the tax bite faster than wages, reducing the incentive to work. Equally important, all the OECD governments have greatly increased transfer payments programs—unemployment compensation and social security benefits to name only two—in recent years. Once again, by transferring resources from the productive to the idle, governments have taxed work and rewarded leisure. Such effects on productivity and investment have been further compounded by a proliferation of regulatory requirements such as pollution controls and product-safety requirements.

By and large, governments have financed their growing activity through two mechanisms—deficit financing and inflation. The 1970s have been characterized by unusually large public-sector deficits in all of the major nations. Indeed, a number of governments, such as those in France, Germany and Japan, abandoned their long-standing policies of balancing the public-sector budget. With such budgets showing chronic red ink, governments in these nations have become the largest borrowers in the domestic and international capital markets. Since sovereign governments carry the best credit ratings, they have first call on available funds, thus "crowding out" private borrowers. The other favorite tool of governments to finance their expenditures has been the printing press.

However governments have financed their budgets, the consequences have been adverse to investment. Investment rates and economic growth rates have been lower in both the low-inflation and the high-inflation countries. But in the high-inflation countries, inflation has been a main factor reducing economic growth. To begin with, most of our traditional forms of financial and business contracts—for instance, long-term wage contracts or long-term bonds—were developed on the basis of a long history of price stability under the gold standard. But chronic and uncertain inflation has set in motion a search for alternatives. Floating-rate financial agreements, increased use of cost-of-living adjustments in wage contracts and government transfer payments, and a substantial increase in the frequency of product price changes, are some of the ways markets have found to reduce the impact of unanticipated inflation. From the standpoint of economic efficiency and growth, such devices are far inferior to price stability and fixed contracts.

The variability in recent inflation has itself created problems. It has reduced the value of price signals to producers. Take the case

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of a farmer faced with the choice of planting wheat or corn. Presumably, he would pick the crop that is expected to command a higher value in the marketplace. But when prices generally are rising at ten percent annually, this kind of judgment is difficult to make. Compounding the difficulty is the erratic nature of the high inflation. Relatively modest errors in forecasting inflation could easily turn what appeared to be a profitable venture into a money-loser. The response has not only been a reduction in investment rates but also a growing preference for shorter term investments; witness the public's withdrawal from the long-term bond market in 1980.

The final and most important effect of inflation on real growth has come from abortive attempts to stabilize prices. In the higher inflation countries, efforts to cope with inflation are more or less continuous. Because they are based on the philosophy of gradualism, they are too halfhearted to overcome the momentum of the public's inflation expectations. But they do result in a weak and wavering progression of overall demand. As a result, business lacks confidence and investment lags. Britain and Italy in the 1970s, and the United States in the past two years, provide the clearest examples.

The importance of these various negative effects of high and variable inflation on growth is shown by a comparison of what happened to rates of investment in the high- and the low-inflation countries in the latter half of the 1970s. Investment and productivity growth declined proportionately much more in Britain and the United States than in Germany and Japan, where inflation was both lower and less variable.

VIII

Of the three major components of the industrial countries' low-growth trap—inflation, energy, and the oversized public sector—inflation remains the problem that is most pervasive in its anti-growth effects. It is also the most accessible to policy.

Inflation is in all probability the major *independent* cause of the world's growth slowdown, though its effects are so intertwined with those of other causes that economists have not yet succeeded in measuring them separately.

The second most important cause, the price of energy, is not a policy variable; it is, rather, a fixed condition. The rising real cost of energy must simply be lived with and coped with. It cannot be eliminated. The essence of a rational energy policy is to allow the rising marginal cost of energy to bring about its natural conse-

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quences for the allocation of the community's capital and technological resources, and, where necessary, to help the market to make these adjustments more rapidly and efficiently than would otherwise occur. Energy policy in this sense is growth-inhibiting, in anything less than the very long run. It is not a way out of the growth trap.

The third major component of the world's growth problem—namely, the explosive growth of the public sector in the industrial countries—is not for the most part a truly independent factor. As we have seen, it is mainly a negative feedback from low growth and inflation. For this reason, an attempt to move directly to reduce burdensome transfer payments caused by high unemployment, without having first succeeded in speeding growth and reducing unemployment, is bound to fail politically. The public sanctions such payments—and the resulting public-sector deficits—because it identifies with the unemployed and considers them victims of an injustice which the state is bound to mitigate as best it can.

By the same token, the favorite proposal of the newly elected Reagan Administration—a deep cut in personal and corporate income tax rates along with special tax breaks for business investment—is likely to prove disappointing. In the context of stagflation, growth is held down by causes more powerful than high marginal tax rates; deep tax cuts would therefore reduce public revenues, not raise them. Public-sector deficits would accordingly widen dramatically, aggravating the competition for funds in capital markets and putting pressure on central banks to expand money too fast.

Something else—something more immediately effective—has to be done to speed investment and economic growth before a major tax reform is undertaken. That something is economic stabilization, the key to the low-growth trap.

To conclude that overall stabilization comes first, and all else depends on it, may seem discouraging. Have we not just recounted the failure of economic stabilization in Britain, France, and the United States? Indeed so, but the repeated failures of stabilization policy in these high-inflation countries are due, as we have seen, to the inherent incoherence of the gradualist approach which accommodates and reinforces expectations of inflation even as it attempts to eliminate them. Gradualism, in short, is a cop-out. Some things, like a swim in a cold lake, are so much easier to start quickly and decisively that a gradual approach is virtually impossible.

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As to the technical means of stabilization, there are three issues: (1) monetary control; (2) fiscal policy; and (3) which country takes the lead.

Back in the last century, after the Civil War, there was a long public debate about how to put the dollar back on the gold standard—how to "resume specie payments," as it was put at the time. During the 1872 campaign in which he ran unsuccessfully for President, Horace Greeley coined the slogan, "The way to resume is to resume." And eventually that is what was done, without any of the dire deflationary consequences opponents of resumption had predicted.

There is a lesson in this history for today. The way to control the money supply is to control it—i.e., to eliminate other considerations such as the level and stability of interest rates and unemployment that compete with the money target in monetary management. This means keeping bank reserves growing steadily at a rate consistent with a low money target and allowing interest rates to move as they will. At first, rates would doubtless gyrate considerably, though probably no more than they did in 1980. Then, as the markets began to accept the seriousness of the new stabilization effort, rates would settle down and inflation would follow the same course.

It goes without saying that the Federal Reserve would need full backing from the White House and leaders in Congress to make such a move credible. In this connection, the idea of a new monetary "accord," mooted in Reagan Administration circles, is worth considering. In 1951, the Truman Administration reached an agreement with the Federal Reserve Board, known as the "Accord," which relieved the Fed of its prior commitment to hold interest rates down in order to help the Treasury finance the public-sector deficit. The 1951 Accord, allowing the Fed to tighten credit, marked the beginning of a successful postwar stabilization effort that eventually brought price stability not only to the United States but to much of the world economy.

The recent experiences of Germany, Japan and Switzerland show that a relative stabilization can be achieved by monetary policy even in the face of a large public-sector deficit. It is fortunate indeed that this is so. For there is no prospect of achieving in the near term a major reduction in public spending in any of the high-inflation countries. In short, tax reform, however desirable, like stability of interest rates, must be preceded by monetary stabilization itself.

Among the high-inflation countries, it is up to the United States

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to take the lead in stabilization. Because the dollar is still the world's leading reserve currency, the Federal Reserve has more freedom of action in monetary policy than do Britain and France simply because the Fed need not watch the exchange-rate implications of its monetary actions as closely as must the Bank of England or the Bank of France. By the same token, a successful U.S. stabilization program would create an international zone of stability that would include the United States, Germany and Japan. It would, in time, attract Canada, France and Britain as well as most of the smaller European countries into an international monetary system similar in essentials to the present European Monetary System but covering most of the industrial world. Creation of such a system would be the first step toward an escape from stagflation and the low-growth trap.

The experience of 1980 has demonstrated that there is no substitute for an immediate monetary stabilization. In that sense, 1980 was a watershed year. It was a year when all other expedients on which the industrial countries had pinned their hopes, from monetary targets to flexible exchange rates to gradualism, proved inadequate. As in the 1930s, so in the 1980s. Economic recovery in the West and in the world at large demands a monetary reform that has international as well as domestic dimensions. It is time to begin.

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Viron P. Vaky

HEMISPHERIC RELATIONS: "EVERYTHING IS PART OF EVERYTHING ELSE"

In an interview in 1977, Mexico's President José López Portillo observed of U.S.-Mexican relations that "there are no isolated problems; everything is part of everything else." In 1980 no more appropriate maxim could be found to apply to U.S.-Latin American relations generally.

Significant and cumulative growth sustained over the three decades since the end of World War II has transformed Latin American societies and institutions, and with them the very nature of the U.S.-Latin American relationship. Neither the scenery nor the actors are quite the same: Latin America stands at the beginning of the 1980s as the most highly industrialized region in the developing world. It has more than tripled its real product since 1950; its population is almost two-thirds urban and three-fourths literate; its urbanization rates are the dizziest in the world. All the social indicators show major progress in the last 30 years; women have moved massively into the labor force and the educational system; while gaps and differences between large and small, richer and poorer, have stretched, the larger countries have—to use Walt Rostow's terms—moved through take-off and are deep in the drive to technological maturity. Finally, all the Latin American economies have become integrated into the world political economy through trade patterns, expanded investment, capital flows, and international debt, creating new and interlocking relationships with the international system.

The region's current dynamics can be thought of, then, as taking place in terms of three different dimensions:

1) a central *hemispheric dimension* embracing the many unique and varied elements of internal dynamics, national policies and struggles for identity within and among the Hemisphere's nations;

2) the cluster of issues making up the international agenda of trade, debt, capital flows and energy, which complement and

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affect national events and policies—all of which may be subsumed under the rubric the *North-South dimension*; and

3) an *East-West dimension* referring to the effect given to Hemisphere events by geopolitical factors; by the sharpened global competition between the superpowers; and by Soviet/Cuban efforts to diminish U.S. influence in the region and increase their own influence both through exploitation of internal instabilities and through efforts to strengthen conventional ties of commerce, cultural exchanges and technical assistance with all the larger countries, including anti-communist ones.

What happens in Latin America cannot be correctly understood or adequately dealt with in terms of any one of these dimensions. All three do not necessarily touch on every event, but generally the three dimensions express separate aspects of the same phenomena. They are interrelated and, as in a game of three-dimensional tic-tac-toe, the policymaker's task is to align the elements and correctly understand their relative positions and importance.

II

By year's end, El Salvador had become the most exigent issue in the U.S.-Latin American relationship. It had also become a symbolic battleground for policy arguments within the United States.

A combination of serious social inequities, severe rural poverty, economic dominance by a small oligarchy, and a military-dominated political system had, by the end of the 1970s, produced an almost classic setting for political and social conflict in El Salvador. Ironically, even the substantial economic growth and development which the country experienced in the late 1960s and the 1970s sharpened the internal conflict. With economic growth came an increase in urban middle and working classes whose demands for political participation to parallel their economic mobility were not accommodated by the political system. In the absence of effective channels of redress, dissent and complaint generated pressure and instability. Just as the rigidity of the system frustrated evolutionary reform, so did it foster the attitude that violence was the only practical road to change. Thus left-wing insurgency and terrorism increased during the 1970s. By October 1979, the processes of change were so blocked, the threat of social disintegration so great, and the government's inability to deal with the situation so manifest, that military officers overthrew the regime and installed a military-civilian junta. Since then the governing junta has been restructured three times—most recently

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in mid-December 1980—as a result of almost constant negotiation and tugging between participating civilian and military factions.

In surveying the contemporary scene, an outside observer is assailed by two overwhelming impressions: the sense of fragmentation everywhere in the social and political body; and the climate of indiscriminate, almost pathological, violence. The current configuration of forces stretches across a fragmented spectrum: wealthy landed elites and some military on the far Right; industrialists, professionals, businessmen and most of the rest of the military, ranging from Right to Center; Christian Democrats, Social Democrats, labor groups, other small political organizations, and the Church stretching from Center to Left; and a few radical parties and armed insurgent groups on the extreme Left.

Moreover, there is fragmentation and incoherence within these groupings. Even within the broad institutional cohesion of the military, officers express a range of views, the Christian Democrats and the clerics are divided, and businessmen and professionals represent a varied range. The Left is also factionalized, despite surface organization. The opposition Democratic Revolutionary Front (FDR) is a mixture of moderate and radical political groups; the armed leftist insurgents consist of a number of factions, most avowedly Marxist in ideological orientation (and Cuban-supported), currently grouped as the United Revolutionary Directorate (DRU).

These elements function in a climate of violence that is similar to Lebanon's, and by now beyond almost anyone's control. Besides official government action against guerrillas, there are paramilitary "hit squads," hard-core terrorist groups on both extremes, vigilantism, and spontaneous "defense" groups, all operating with increased intensity and considerable autonomy.[1]

The current state of play within El Salvador can perhaps best be conveyed as a series of propositions:

1) The population overwhelmingly wants an end to the violence, and this desire now transcends political differences within the general populace. Violence is almost the central reality dictating the way forces maneuver.

2) The left-wing insurgents grouped in the DRU have not gained in popular support; through clandestine acquisition of military

[1] It has been estimated that in 1980 more than 9,000 people, including the popular Archbishop, Oscar Romero, were killed by political violence. In December 1980 the torture and murder of the leadership of the FDR and a short time later the brutal murder of three American nuns and one lay missionary sparked a crisis that led to the most recent reorganization of the government.

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equipment from Cuban and other external sources, however, they have accumulated a significant military capability. In what appeared to be an effort to replicate the Sandinista strategy, the DRU launched a widescale assault against government forces in early January, 1981, in a major effort to bring down the governing coalition militarily, and consolidate the leadership and control over all opposition forces in the FDR.

3) Elements of the traditional economic oligarchy continue to try to use their old military channels to stop reform measures and restore the traditional power pattern. They have influence over some officers, but not the power over the military as an institution that they once had.

4) The government represents the shaky center ground on which the military and the Christian Democrats have met. The understanding between the military and the Christian Democrats now constitutes the new basis for official political power, but the understanding is a fragile one, for the participants' multifarious views are hard to reconcile. The military wants to concentrate on the elimination of the insurgency. For the Christian Democrats the problem is more complex than public order; they advocate a process of social and political reform as a basis for re-forming an internal political consensus, isolating the extreme Left, and making armed insurrection less appealing.

5) All agree on the need to reestablish order and eliminate the violence rocking the country; but the nature and extent of military enforcement operations, how to control the military and security apparatus, and how to eliminate the various extra-official violence are all questions that have persistently threatened the survival of the Christian Democrat-military coalition.

6) A concept has been gradually emerging in different versions and from a variety of sources—Christian Democrats, young business professionals, non-Marxist elements of the FDR—of negotiating with the opposition to re-form a consensus and, in effect, give the non-guerrilla groups a way to abandon the road of violence. This concept is also being advanced by countries like Costa Rica and Mexico, and by Social Democrat leaders in COPPAL (the Permanent Conference of Latin American Political Parties), a grouping of Social Democratic parties such as Mexico's Revolutionary Institutional Party (PRI) and Venezuela's Democratic Action (AD).

Any concept of a "center" in the current Salvadoran situation is a relative one. Taking it in that sense, the government *is* a "center" and could be the nucleus of a process that over time

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could depolarize the country. The policy of the Carter Administration has been to support that process and the governing coalition, including the provision of military assistance to help it defend itself against the extremist insurgency. The Reagan Administration will in all probability follow the same general policy for the same reason—there is no practical alternative. But at this writing, fundamental questions exist: Can the "center" hold? Will the government be pulled so far Right as to lose any credibility as a force that can reconcile the country? Are reforms and efforts to re-create a political process even relevant any more? Or has the situation degenerated so far that civil war may in fact be the only resolution left? Will external aid to the Left guerrillas convert the nature of the internal conflict into a kind of Spanish Civil War situation?

III

In Nicaragua, the central question remains what it has been since July 1979—what shape and orientation the Nicaraguan process will ultimately take. The Marxist Sandinista Directorate is the dominating force in the government and the country because it controls the coercive power, i.e., the military and the security forces. Yet the Directorate cannot control the whole society, even though it may want to, because it cannot by itself manage the economy. It needs the private sector. Thus the economy remains mixed, negotiations take place between the government and the private sector, and non-Marxists remain in the governing junta and structure. Neither Cuba nor the Soviets have been willing or able to take on the burden of making Nicaragua economically viable, and the country's integration into the international economic system is one of the greatest deterrents to the consolidation of a Marxist system.[2]

Moreover, viable non-Marxist, democratic elements function in the society—the Church, *La Prensa* (the newspaper that played a key role in the opposition to former President Anastasio Somoza), political parties, labor groups, and private-sector organizations. Even the murder of a prominent business leader, Jorge Salazar, in November 1980 did not shake the private sector's surprising self-

[2] In September 1980, after nine months of negotiation, the Nicaraguan government reached agreement with a committee of 13 private banks, representing some 120 American, European and Japanese creditor banks, on rescheduling $600 million of previous debt. That development locked Nicaragua into the private money market, and Nicaragua's willingness to do so was a significant move toward a pragmatic, pluralistic course.

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confidence and determination. The society and the power structure, in short, still exhibit pluralistic elements. At the same time the Sandinistas, showing some sense of feeling embattled, express considerable concern about "counter-revolution."

The premise of U.S. policy to date has been that the die has not been cast in Nicaragua, and that if non-Marxist elements in that society remain viable, there is a good chance that the internal process can evolve toward a Mexican rather than a Cuban model. The concept does not assume that the Sandinistas will be converted, but rather that if the non-Marxist elements can continue to function and the Sandinista-controlled government can be kept tied into the West's political economy, a Marxist system can be prevented from consolidating. In time, such an evolution could come about in spite of the Sandinistas. The implicit conclusion is that it is essential to supply aid to keep the monetary/economic system viable and enmeshed in the international economy, and to support the private sector. Failure to do so would leave the private sector abandoned and unable to compete with the currently stronger Sandinista structure. The same general policy is being followed by other non-communist countries—Mexico, Venezuela, Costa Rica, West Germany, Spain, France and other European countries—all of which extend aid to maintain pluralism.

What the Reagan Administration's policy toward Nicaragua will be is unclear. Some writers associated with the Reagan camp have argued that the die has been cast and that the Sandinistas have already shaped the ultimate outcome of the Nicaraguan political process; consequently, we should not aid an already Marxist government. The trouble is that the available facts do not justify this conclusion; the ball game is still on, whatever the inning. A few writers have argued that the United States should not only stop providing aid to Nicaragua but should destabilize the Sandinista government as well.[3] No course could be better calculated to inflame the whole isthmus, raise tensions in the Hemisphere and create the potential for a Spanish civil-war situation.

In sum, it is hard to see any better alternative for policy in the immediate future than that currently being followed by the United States, Mexico and West European countries.

[3] See Cleto de Giovanni, Jr. and Alexander Kruger, "Reports: Central America," *Washington Quarterly*, Summer 1980, p. 179. See also Cleto de Giovanni, "U.S. Policy and the Marxist Threat to Central America," *The Heritage Foundation Backgrounder*, No. 12, October 15, 1980.

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IV

Like Central America, the Caribbean—America's "third border"—has also become a policy concern of the first order.[4] The nations of the Caribbean have been passing through a difficult period of economic and political transition for a number of years now, a transition marked by the rapid emergence from colonial status to independence of almost a score of these countries. In 1960 only three of the Caribbean islands were independent countries. Today there are eleven. In another two years there may be fifteen or sixteen.

What sent shock waves through the area, however, was the March 1979 coup in Grenada—the first in the history of the English-speaking Caribbean—which brought to power a leftist government that very quickly aligned itself unconditionally with Cuba and adopted a policy of outspoken hostility toward the United States. The coup, and the specter it raised of a Castroist influence spreading into this heretofore quiet region, may have had something of a "vaccination" effect on the rest of the Caribbean. Since the coup the political trend in the English-speaking islands has shifted toward moderate to conservative elements. In each of the six elections held in this sub-region since that time, moderate-conservative groups have won.[5] In the most significant of these, Edward Seaga's victory over Michael Manley in Jamaica arrested a marked swing toward closer relations and cooperation with Cuba.

While 1980 was thus a somewhat quieter year for the region than 1979, difficult problems and uncertainties continue to hang over the area. The fundamental problems are of the same generic kind that roil Central America—poverty, severe socioeconomic inequities and maladjustments, frustrations about the latter which translate into political strains, and the potential for radicalization. Yet in the Caribbean they are cast in a very different context. In Central America, the context has been that of authoritarian systems eroding under the pressures of demands for reform which

[4] As used here the term Caribbean denotes the islands, both independent countries and territories. While Cuba technically falls within this definition, these comments obviously do not apply to that nation; the Cuban question is dealt with later. It has become fashionable to refer to Central America and the Caribbean together, as if they were part of the same subregion. The history, institutions, culture, traditions and circumstances of the two areas are very different, however, and it is distorting to try to consider the two together in any kind of unified concept.

[5] These were St. Lucia (July 1979); St Vincent and the Grenadines (December 1979); St. Kitts/Nevis (February 1980); Antigua (April 1980); Dominica (July 1980); and Jamaica (October 1980). In Guyana the December elections virtually eliminated Cheddi Jagan's Communist Party as an effective political force.

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they cannot or will not accommodate. Except for Haiti, in the Caribbean region the essential issue is how open, democratic societies—most of them emerging from colonial status and many of them "mini-states"—can cope effectively with such serious economic, social and structural problems as massive unemployment, declining investment, emigration of skilled manpower, and smallness of the economies. What is more, all of these problems have been magnified and compounded by rising oil prices and persisting world inflation. High expectations and generational conflicts exacerbate the situation, and radical models are tempting to younger political leaders as a means of overcoming these seemingly intractable problems.

Stability and peaceful change depend essentially in these circumstances on economic and social development. This in turn will require a relatively heavy inflow of resources and concessional financing for infrastructural investment, and in some cases for aid to current budgets. To date, assistance has been marshaled through the Caribbean Group for Cooperation in Economic Development, under which the World Bank has brought together 31 donor and recipient countries and 16 international financial institutions. Despite the consequent stimulation of somewhat larger aid flows to the region, the needs still remain considerably greater than available resources, and the doubling of oil prices in 1979 created needs for balance-of-payments financing which cannot be met through the Group. Some countries face the prospect of negative real rates of economic growth and higher levels of unemployment in 1981.

Embryonic security organizations and the danger of subversive intrusions into quickly changing situations make regional security a matter of concern to all the nations involved—and to the United States. The former metropole powers extend various kinds of assistance to police and defense forces. While the United States has sought congressional authorization to offer modest amounts of military sales credits for training and equipment to legitimate defense forces (U.S. law prohibits assistance to foreign police forces), this is not an easy area in which to provide help. Most of the governments do not feel they can afford to contract such loans for military equipment. Therefore, unless the United States can provide grant military assistance or more concessional terms for the sales credits, our cooperation may be ineffectual.[6] Yet up to

[6] Under U.S. law, military sales credits must be repaid over a seven-year period at interest rates equal to the Treasury's short-term rate for borrowing, plus a service charge of roughly one percent. This would translate into a current interest rate of over 12 percent.

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now no congressional appropriations for grant military assistance have been earmarked for the region, nor does the law permit easier terms for the loans.

V

Obvious geographic factors and economic and societal ties clothe our relationship with Mexico with a special importance. Few economies and societies are so entangled as those of the United States and Mexico. Our relationship functions, as it were, on two levels. In addition to the formal, official universe of substantive relations (which is what we normally think of as the "relationship"), there is, at a kind of micro level, a deepening and broadening of links between segments and institutions of both societies whose practical effect is to make for a trend toward de facto interdependence. These links include such things as the institutional and personal links of trade, finance and investment; the growth of border communities; academic and scientific exchanges; and transborder ethnic relationships. The trends making for de facto interdependence are the product of naturally complementary social, economic and geographic factors, and they occur largely independently of the will or design of either capital—and perhaps to the consternation of both. The paradox is that their very growth magnifies the problems of psychological differences, cultural dissimiliarities, and power asymmetries at the level of the official relationship. In short, as our overall relations become more interconnected, so do the prospects for conflict.

Trade, which is likely to be the most confrontational issue in the 1980s, is a case in point. Trade levels have tripled in the last three years. The value of two-way trade exceeded $25 billion in 1980, compared with $9 billion in 1977, and Mexico is now our third largest trading partner, after Canada and Japan. Even though Mexico's policy of diversification will broaden its range of trading contacts, the United States will probably remain Mexico's major trading partner, not only because of geographic proximity but also because of the size and relative openness of the U.S. market and the established ties between the private sectors.

The dramatic expansion in trade, however, heightens the differences between each nation's concept of commercial policy. Mexico's perceived need to use subsidies and incentives to stimulate export growth, for example, will sooner or later clash with U.S. law on countervailing duties. Mexico's decision not to join the General Agreement on Tariffs and Trade (GATT) raises the natural question of what policy framework ought to govern this

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booming trade. For now, both sides may well find it more feasible to deal with individual cases and issues as they arise rather than with larger constellations of issues. But sooner or later, as trade continues to expand, both sides may find it desirable to explore other courses, such as bilateral sector agreements, where complementarities exist.

For the United States the major issue posed by the common border is illegal immigration. As one study described it:

> Illegal immigration ... links to so many sensitive concerns in both countries that it resembles a "lightning rod" for the entire bilateral relationship. Discussions regarding this issue in either country inevitably lead to discussions regarding controversial conditions in the other country.[7]

In the United States, policy perspectives tend to treat the question of undocumented workers as a problem to be "solved"; discussions of the issue are generally surrounded by a strong sense that "something has to be done." In Mexico, on the other hand, worker migration is generally viewed as a natural phenomenon created by structural interdependence with the U.S. economy. The sense that surrounds discussion there is that it is less a "problem" than a circumstance with which we will have to cope over a long term.

However one views the issue, it is clearly a subject whose bilateral links are so intense that it requires close and careful consultation and exchange in a spirit of good faith and understanding. The report of the Select Commission on Immigration and Refugee Policy provides a basis for intelligent assessment of the options open to the U.S. government and a framework for such consultations. The Mexican government, for its part, has already made clear it would like to discuss the issue with the new Administration. While Mexico's initial focus will undoubtedly be on human and labor rights of undocumented workers, its basic interest is to assure some reasonable share of the U.S. labor market for Mexican workers. Indeed, whatever else the United States does on this issue, this segment of our relationship is not likely to be stabilized without some kind of mutually agreed process to permit a legal flow of temporary workers.

And then, of course, there is oil. Petroleum obviously served to awaken U.S. policy toward Mexico. Yet it is the one item on our mutual agenda with the least intrinsic reason for problems and controversy.

[7] David Ronfeldt and Caesar Sereseres, "Treating the Alien(ation) in U.S.-Mexican Relations," RAND Paper P-6186, August 1978, p. 1. This study has an excellent account of conflicting perspectives on the issue, and I have drawn on it for the succeeding remarks.

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The primary goal of Mexican petroleum policy, reflected in the National Energy Plan unveiled in mid-November 1980, is to exploit oil reserves rationally in order primarily to supply domestic needs, with exports kept down to amounts consistent with sound economic and development policy. The announced production goals—3.5 million barrels a day (MBD) by 1985 rising to 4.1 MBD by 1990—are based on estimated domestic needs. The Energy Plan establishes an export ceiling of 1.5 MBD which represents approximately the level of current contracts, and which should be reached by the middle of 1981.

A second major Mexican policy goal is to diversify oil markets. The Energy Plan specifies that no single destination should receive more than 50 percent of total exports. In effect, Mexico seeks to diversify its market away from the United States, since it does not want to become overly dependent on the U.S. market and it fears U.S. dependency on Mexican supply. The U.S. share has already dropped from around 80 percent in 1979 to 65 percent in the latter part of 1980.

The main lines of this policy, however, are not inherently adverse to general U.S. interests. Even though the U.S. share of Mexican exports has declined, for example, absolute amounts have continued to rise as total export levels have risen. Moreover, oil being a fungible commodity, export flows to other countries, such as Japan and Brazil, serve our global interests. Furthermore, our bedrock interest in seeing Mexico remain a stable, prosperous, progressive neighbor would favor Mexico's exploitation of its oil reserves at a pace which avoids the dangers of overheating the economy and destabilizing its political and economic evolution.

Americans frequently think of Mexico's oil predominantly in terms of their own energy needs, and discussion is often in terms of "energy agreements," linkages, and how to obtain more oil from Mexico. But this perspective misses the pervasive Mexican fear of dependency on the United States, overestimates our ability to influence internal Mexican decisions either by pressure or by concessions, and neglects the related interests of the United States which militate against pressing for production or export levels greater than Mexico feels it can handle.

The future of Mexican oil development, of course, may ultimately be affected by factors beyond Mexico's control. Such factors as the world price of oil, the economic health of Mexico's trading partners, and potential major disruption of Middle Eastern oil supplies may be crucially relevant. Furthermore, it remains to be seen how closely Mexico feels it can adhere to the various

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ceilings already established. Economic factors may push production ceilings and export levels upwards, and the natural market complementarities will be a constant push for sales to the United States. Barring any effort by Mexico to effectively shut the United States out of its export market or any misguided U.S. effort to try to shape Mexican oil policy, petroleum should not be a controversial issue in U.S.-Mexican relations over the next few years.

It is in foreign policy, and specifically policy toward Central America, that the potential for misunderstanding and friction between the United States and Mexico are greatest. Above all, Mexico is apprehensive that the United States will undertake an openly interventionist policy in Central America—indeed, apprehension runs so high that President López Portillo expressed strong concern publicly. The need for careful consultation and exchange of views is therefore important if differences and friction over foreign policy are not to wash over the whole relationship.

The change in Administrations in Washington offers a good opportunity to reexamine bilateral issues and improve the personal and psychological setting of our relationship. One hopes that the meeting on January 5 between President-elect Reagan and President López Portillo began that process. But if Americans are to avoid being surprised or disappointed, they need to understand accurately the nature of Mexican nationalism, its impact on Mexican policy and perceptions, and the consequent limitations on what is possible in our relationship. Mexican nationalism is deep and pervasive, and manifests itself in compelling notions of national dignity, independence and sovereignty which very often constrain policy choices. A profound sense—and fear—of dependency-cum-vulnerability pervades Mexico's relations with the United States, and Mexico's approach to the relationship has traditionally been one of mistrust. Mexico has a difficult time even accepting the notion of interdependence—or partnership or community. Mexicans tend to see in such notions an asymmetrical trap which may deepen Mexico's vulnerability. That is why U.S. suggestions about a "North American community" are received so negatively in Mexico. President López Portillo even felt compelled to reject explicitly the notion of a North American Common Market when he addressed the Canadian Parliament in May.

Yet even though the traditional principles of Mexican nationalism lend themselves to distrust of the United States, there is in the Mexican genius and system a capacity to adapt principles to pragmatic, innovative interpretations, and to adapt nationalism to changing circumstances at home and abroad. And whatever

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their historical sensitivities and fears, Mexicans respect fair dealing, and the extension of mutual respect and recognition of their dignity. Respect and dignity, indeed, are for Mexicans the essential ingredients in any bilateral relationship.

VI

Cuba represents a fourth major policy question for the United States. That question includes the increase of Cuba's influence in Central America and the Caribbean, its role as a Soviet proxy, and the generally hostile thrust of its international conduct.[8] It is important to understand from the beginning that no practical policy the United States can fashion is likely to induce or force a Cuban break with the Soviet Union in the foreseeable future. Thus, as a practical matter, both the subject and goals of our policy are limited in considering how to cope with Cuba's hostility, adverse international conduct, and subversive threats.

There are two alternative ways of conceiving U.S. policy toward Cuba. One would be to continue the hostile, adversarial approach which has characterized U.S. policy for the last two decades, and to maintain the economic embargo. This is essentially a containment policy. It has no prospect of affecting Castro's hold on power or of loosening Soviet ties, and little prospect of modifying Cuba's international behavior. It is the easiest course to follow, however, and it would establish a kind of holding pattern until different opportunities or prospects offered themselves. Any sharpening of the policy to include efforts to destabilize Cuba forcefully, e.g., a blockade or paramilitary operations, would so heighten world tension and risk serious global confrontation as to be a policy incommensurate with the problem.[9]

An alternative approach would mount some carefully controlled U.S. initiatives aimed at promoting, in concrete, step-by-step fashion, an eventual modification of Cuban conduct and hostility. The United States would, under such an approach, consider increasing nonofficial contacts with Cuban society—selectively, at first—to induce greater tractability within Cuba. Examples would be authorizing regular airline service or permitting sports exchanges. At an appropriate time and as circumstances warrant,

[8] Developments involving Soviet strategic weapons in Cuba are not considered here. That issue lies outside the scope of this paper.

[9] Cf. "A New Inter-American Policy for the Eighties," Council for Inter-American Security, May 1980; "If propaganda fails, a war of national liberation against Castro must be launched." The report was written by the Committee of Santa Fe, composed of L. Francis Bouchey, Roger Fontaine, David Jordan, General Gordon Sumner and Lewis Tambs.

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the U.S. government would probe, in a controlled way, the possibility of parallel steps, that is, each side moving on its own but in response to the other. For example, an agreement by Castro to take back criminals and mentally defective refugees and to stabilize rules of migration might be paralleled by the United States permitting selective commercial trade in pharmaceuticals. Increasing the amounts that Cubans in the United States may remit to relatives in Cuba might parallel continued repatriation of dual nationals. If those steps proved successful, we would proceed to more substantive matters in the same way. If they were unsuccessful or if Castro was unresponsive or continued subversion in Central America and elsewhere, the tactic would simply be halted.

The problem with such an approach is that it initially operates only at the margin, it may not progress very far, and it is hard to orchestrate. Past theories about improving relations and defrosting the climate, moreover, have usually started with unrealistic conditions. To insist, for example, that Cuba must drop its military or economic ties with the Soviet Union, or withdraw military forces from Africa, before any moves toward improving the climate can begin, is to stop before one starts. (The obverse is also true: Castro's insistence that the total-embargo policy be scrapped before any exploration of a less hostile relationship can begin is a non-starter.) These more sweeping conditions are better thought of as de facto goals toward which a relationship would be pushed than as prerequisites. And renewal of normal diplomatic relations—which is a legitimating act—is something that needs to be left as an end product (and a useful poker chip) of this strategy's evolution rather than an initial lever.

The Cuban refugee problem which exploded on the United States in the spring of 1980 is relevant for U.S. policy in this regard. On the one hand, it was the first time Fidel Castro found a lever that could affect the United States, and, on the other, it was a startling comment on the poor condition of the Cuban Revolution. All this, in turn, suggests that there may be mutual interest in developing a less confrontational relationship. It also suggests that Cuban society has difficulty resisting the pull of American society when exposed to it, and that increased contacts between the two societies, such as those described above, have good prospects for proving constructive over time.

VII

The drama and urgency of such crises as those that face Central America, and the concrete nature of major bilateral relationships

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such as those with Mexico, can easily obscure broader underlying trends which, if less obvious, are nevertheless central in explaining the region's dynamics. The relationship between economic development and internal political dynamics is just such a central factor, especially in regard to the larger countries of South America.

Besides changes in societies and institutions, cumulative economic growth has had even more profound consequences. Economic growth and social progress have been brought to the center of Latin American *political* agendas. Whether called modernization, development, economic rationality or even national security, growth and development have become paramount national objectives everywhere. Modernization and the ability of governments to achieve it are consequently serious, even grim, business for all the countries. And that is what political dynamics are about in Latin America today. Political struggles and debates center on how these societies are to organize themselves to deal with such matters as the efficiency of systems, welfare maximization, conflicts over the distribution of national product, and the power and bargaining elements that enter into these issues. What models of political systems are best; debates on the relative merits of state planning versus market forces and import-substitution versus export-led growth models; what priorities ought to be given to such things as job-creation and controlling inflation, order and liberty—all pose painful dilemmas.

Theories abound regarding the respective value of authoritarian, corporatist or democratic government models, or eclectic versions thereof. Some of the most serious political questions that may lie ahead for Latin American countries are: Can economic efficiency be achieved in a democratic framework? Can social justice be achieved without it? Where economic growth has been accomplished in an authoritarian setting, is democratization likely? If the redistribution of income and the correction of social inequities are long delayed, will the resulting inequalities lead to instability, or violence? For nations in which political processes are brittle, or which are developing more open systems, such as Honduras and Brazil, these can be matters of life and death.

Brazil is a good example of this interweaving of factors. The Brazilian military's decision to extricate itself from power after 16 years of rule by means of a gradual transition (*abertura*) toward a more open political system has unfortunately coincided with a world economic downturn and an energy squeeze, both of which have had a deep impact on Brazil. In 1980 Brazil faced rampant inflation on the order of about 100 percent, the largest foreign

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debt in the developing world, a $12-billion oil bill, a debt service of about $14 billion, and a gross financial gap of over $18 billion. The Brazilian government has indicated that it will take steps to restrict its economy after almost a decade of spectacular growth. To succeed in the gradual democratization which the regime has undertaken will require a minimum degree of social mobility and growing resources to allocate for rising demands. On the other hand, economic imperatives require a turn to austerity and a reining-in of the economy. The major challenge in the coming year, therefore, is how to steer within these two requirements. With realism back in economic policy and with President Figueiredo apparently firmly dedicated to implementing *abertura*, some optimism is warranted.

The struggle to achieve internal political consensus provides an interesting array of patterns elsewhere in South America as well. In July 1980, Peru installed its first freely elected president since 1963. The event was especially welcomed by Peru's northern sister states in the Andean Group, and helped strengthen the Andean nations' orientation as something of a "democratic lobby." In neighboring Bolivia, the results of a free election were negated by a power grab by military officers in what was surely the most unjustified coup in recent memory. That event introduced such strains into the Andean Pact that Colombia did not invite the Bolivian chief of state to the December ceremony in Santa Marta commemorating the 150th anniversary of Simon Bolivar's death. None of the member states wants to lose Bolivia's participation in the economic pact, but the other four governments feel uncomfortable, not only with the authoritarian nature of the Bolivian regime, but also with its obvious consequent gravitation toward Southern Cone governments. In Chile a government-proposed Constitution which would continue military rule for up to 16 years was approved in a plebiscite by a sizable margin, leaving General Pinochet in complete control of the government process. In Uruguay, on the other hand, a proposed Constitution that would similarly put the military in effective control of the future political process was soundly defeated in a plebiscite. The results created some confusion in the nation's politics, but the Uruguayan military has apparently chosen to interpret the results not as a verdict on military rule itself but on the particular transition formula proposed. A new proposal may be presented at some later date.

Argentina effected a peaceful transfer of power from one military president to another, with the selection of the former army

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commander, General Viola, as President for a three-year term beginning in March 1981. But the regime has yet to develop any clear rules for either political succession of the military or orderly transfer of power to a civilian regime. General Viola will have to cope with two major problems in 1981. The first is that all three members of the ruling military junta are due to be replaced by the end of the year, possibly necessitating a reworking of the complicated balance of power both within the military and between the junta and the presidency. The second problem is the increasing restiveness in the country over the economic liberalization policies of the Economics Minister, José Martínez de Hoz. Few basic changes in policies are likely, but General Viola will feel increasing pressure to do more to protect national industry.

Divisions among Latin American countries according to internal political systems are not new in the region's history. At present, however, something of an ideological polarization does exist between the military, authoritarian regimes of the Southern Cone and Central America, on the one hand, and Mexico, the democratic regimes of the Andean Group and the island Caribbean, plus Costa Rica and Panama, on the other. This kind of pattern will undoubtedly be an element in the area's dynamics over the next few years. Yet the importance of such divisions can also be exaggerated, for it is usually issues that determine alignments. Nations divided over one issue may be united with regard to another. Questions of human rights, for example, sharply divide military regimes and democratic ones, while a North-South issue will find democratic and authoritarian regimes aligned in a common front vis-à-vis industrial countries.

VIII

If there is a direct correlation between economic growth and internal political dynamics, an equally direct connection exists between the prospects for such growth and the state of the world economy. Latin America's emergence into the world arena had the advantage of broadening access to resources and increasing opportunities for development. But it also made the region more vulnerable to developments elsewhere. Global economic issues are thus being driven to the top of Latin America's agenda, with the financing of current imports, foreign debt service, and efforts to sustain short-run growth superseding in urgency longer run objectives such as infrastructure development and long-term economic growth. With world economic forecasts in 1980 universally pessimistic, especially for non-oil-exporting less-developed countries

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(LDCs), most of Latin America may have to cope with matters like unemployment in the context of reduced growth and living standards.

For Latin America, as for the rest of the world, energy is now a crucial issue. In 1980 the real price of oil was 80 percent higher than it had been in 1978,[10] and new price rises are already in train for 1981. The crucial question is whether the international financial system can recycle enough funds to maintain import levels and growth needs.[11]

Latin America's huge indebtedness is another key constraint. The region's debt accumulation in the past ten years has been more rapid than that of any other part of the developing world, with Brazil having the largest foreign debt of any country in the Third World, an estimated $56 billion. Together with Mexico, whose debt is estimated at over $30 billion, the two countries account for almost 70 percent of the region's total. But the external debt of a number of other countries, notably Peru, Colombia, Chile, Argentina and Venezuela, is sizable as a percentage of GNP. Debt has, in fact, become the principal form of capital inflow into the region; direct investment, a major capital source a decade ago, now accounts for only ten percent of capital inflow. Private commercial banks, moreover, have become the region's principal creditors, being responsible for 40 percent of the officially guaranteed debt, compared to ten percent some ten years ago.[12]

This massive debt accumulation resulted from the use of loans to finance high-growth strategies in the early part of the 1970s, and continued borrowing to meet the 1973 oil price rise and subsequent adjustments, rather than import restraint and short-term curbs on internal growth. Even though import and growth rates have declined, foreign borrowing continues, largely to accumulate reserves and provide the creditworthiness needed to sustain more borrowing. As one expert has put it: "For many of the countries of Latin America, the debt cycle threatens to come full circle in little more than a decade—from a process of debt-led growth to one of potentially debt-constrained growth."[13]

[10] *World Development Report, 1980,* The World Bank, August 1980.

[11] The joint oil concessionary facility established in August by Mexico and Venezuela to assist needy Caribbean and Central American countries has been a remarkably helpful measure, both politically and economically. The two oil-producing countries have agreed to provide jointly about 200,000 bpd with a partial (up to 30 percent of the purchase) low-interest, no-down-payment credit.

[12] An excellent account of the debt situation—and the source of the comparative data used here—can be found in Albert Fishlow, "A New Latin America in a New International Capital Market," *CEPAL Review*, No. 10, April 1980, pp. 49–58.

[13] *Ibid.*, p. 52.

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The debt problem is also a trade problem. Export growth is the basis for generating the required foreign exchange both to service debts and to permit subsequent new financing. However, import demand from the industrialized countries promises to decline in 1981 because of rising energy costs, necessary deflationary measures, and structural reasons.

Latin American countries, in short, will need to adjust to payment imbalances and higher energy costs precisely at a time when demand for many of their exports has slowed and when the outlook for capital flows is unpromising. Many must deal with poverty as well, in all its socio-political aspects—malnutrition, food production, demands for education, health services and better income distribution—none of which is likely to be managed successfully over time without economic growth. These countries feel compelled, therefore, to join in Third World demands for reform of the international economic order that would improve development and living standards, the distribution of world income, and, ultimately, the Third World's stake in the system. Hence Latin America's embrace of the New International Economic Order and the North-South dialogue. The North-South dimension is of basic economic, psychological, political and nationalistic concern to Latin America, and Mexican President López Portillo's strong sponsorship and advocacy of a North-South "mini-summit" tentatively scheduled for Mexico City in 1981 is a case in point.

IX

Still another region-wide perspective must be noted to round out our understanding of hemispheric dynamics—that of regional governance and subregional cooperation. No region of the world has a longer history of international organization and cooperation. The Hemisphere has the most elaborate system of international governance in the world outside of Europe—more than 30 regional and subregional, general and specialized, organizations and agencies.

It is fashionable today to label the Organization of American States (OAS) anachronistic, and the idea of an "inter-American system" meaningless. Such a dismissal of regional governance, however, makes three mistakes: (1) it underestimates the appeal of the region's rich tradition and experience in international organization; (2) it mistakenly equates Latin American fears of dependency and dislike of U.S. hegemony with opposition to any organized cooperation with us; and (3) it fails to recognize that

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international cooperation and resort to international structures have been traditional and persistent Lain American strategies for dealing with power asymmetries. These countries have consistently sought to overcome relative weaknesses in bilateral leverage by joining forces, and by seeking to tie others into legal commitments and juridical obligations.

Latin Americans have thus viewed the OAS as valuable precisely because it has been a useful vehicle for dealing with American power. In contrast to frequent negative verdicts from American commentators, the desire for finding new common motivations and modes of cooperation is persistently voiced by Latin American statesmen. And the real significance of the dramatic 36-hour marathon session at the OAS General Assembly in November 1980, which found a way to accommodate differences over human rights, was not so much the human rights issue itself as the fact that even on a subject as deeply felt as human rights, the members were prepared to go to great lengths to find a fig-leaf compromise, rather than walk out and let the organization collapse. Even Latin American arguments that Latin Americans should organize among themselves (e.g., in such bodies as the Latin American Economic System—SELA) rationalize this not as a way of excluding the United States, but as a way of dealing with us (and by extension with the industrialized world).

In addition to region-wide organizations, growing instances of subregional groupings suggest that new patterns may be developing around such subregional "building blocs." The Andean Group, formed around the Andean Common Market (ANCOM), is the most significant of these.[14] While economic integration was the major reason for forming ANCOM, its "geopolitical" value as a means for dealing with larger power units, such as Brazil or the European Community, was also a real, if unstated, motive. In addition to significant economic links, the group has now expanded into political and foreign policy fields, with the institutionalization of foreign ministers' meetings to coordinate foreign policies and common positions on regional and world affairs.[15]

[14] ANCOM was formed in 1969 by Colombia, Ecuador, Peru, Bolivia and Chile. Though Venezuela participated in drawing up the Pact it did not join the organization until 1973. Chile withdrew in 1976 to retain its autonomy in economic and investment policy. In 1979 Spain became an "associate member" of the Pact and attends the foreign ministers' meetings.

[15] The Andean Group played a significant role in the OAS deliberations on Nicaragua in 1979, and in preventing annulment of free elections in the Dominican Republic in 1978. It supported democratic processes in Ecuador and Peru, and was a factor in the reversal of a military coup in Bolivia in 1979, though its protests were unavailing in 1980.

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The Andean Group was subjected to serious strains in 1980, both because of internal economic policy disagreements on such items as a common external tariff, and as a result of Bolivia's coup. Whatever the internal contradictions, however, the centripetal force of the "geopolitical" factor is strong. Occasionally a centrifugal element may be stronger, as in the case of Chile, but by and large the governments do not want to break up the Pact, and they go to great lengths to avoid such an eventuality. They customarily deal with economic policy problems, for example, either by postponing them or by finding pragmatic formulas permitting "national discretion." Even if Bolivia's current voluntary "abstention" from participation in the Pact turns into formal withdrawal, the other four members are likely to continue.

In the Caribbean, economic cooperation is institutionalized in some four different organizations, including a subregional development bank. In addition, the English-speaking countries have begun to function as something of a "caucus" in international forums. Even in strife-ridden Central America the pull of subregional association is strong. In July, a meeting of Central American economic ministers in Nicaragua outlined a series of concrete measures to restructure the Central American Common Market (CACM). Perhaps no event had greater significance, however, than the little-noticed treaty—signed in October and promulgated in December—between El Salvador and Honduras terminating the ten-year-old war between them. The reopening of that border holds great promise for the CACM, and even for El Salvador's internal problems.

Relatively unnoticed, too, was the signature in Montevideo in August 1980 by 11 nations—Spanish-speaking South America plus Mexico and Brazil—of a treaty establishing a new organization to replace the defunct Latin American Free Trade Association (LAFTA). The new organization, the Latin American Integration Association (ALADI in its Spanish acronym) also aims at a common market, but was designed to eliminate the rigid rules of LAFTA, especially the equal-treatment provisions. The new treaty provides for three categories of development, with preferential treatment of less-developed nations by richer ones, thus allowing concessions to some and not to others. In effect, ALADI will favor the emergence of subregional arrangements like ANCOM.

But perhaps the most important potential event in regional governance in 1980—again largely unnoticed—was the presentation to the OAS in July of a report on "Hemisphere Cooperation

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and Integral Development" prepared by an OAS-established group of experts.[16] Intended to assist planning for the OAS Special Assembly on Integral Development scheduled for 1981, the report identifies major problem areas which are especially suited to Hemisphere cooperation, and recommends actions to cope with them. Aside from the merits of the recommendations themselves, the importance of the report lies in the two principles it implicitly proclaims: that there are major development problems—e.g., energy, food production, education—which are so large and urgent that international cooperation is needed to confront them; and that even given the global nature of many of the problems, the natural affinities of regional groups can make regional cooperation an efficient complement, and not just an impediment, to global efforts.

X

Having roughly sketched the intricate, multidimensional complexity of hemispheric dynamics, we must now turn to how U.S. policy should deal with them. The answer hinges initially on how policymakers define the national interest, both regionally and globally, for how the United States "sees" Latin America depends in large part on how it sees itself and the world.

Defining "national interests" and how to pursue them is an agonizing task. Only occasionally are "interests" objectively evident and unquestionable—e.g., raw-material supply. Most of the time, interests are postulates. The U.S. interest in the Persian Gulf, for example, is much easier to demonstrate because of the objective importance of oil than is the U.S. interest in Central America. The latter cannot be easily justified by such things as the amount of trade or investment. The concept of U.S. interest in Central America depends more on what premises one posits about Soviet/Cuban motivations, the nature of strategic interests, security threats, the U.S. image, the role of influence, and the nature of power. In a real sense, "interests," like beauty, frequently lie in the eye of the beholder.

Nor are policy goals always a matter of objective and free choice. They are the result of an interplay of values, institutions and experience, as well as realities. Furthermore, situations are

[16] "Hemisphere Cooperation and Integral Development," OAS/Ser.T/II, GTC/15-80, August 6, 1980. The group of experts (known in the corridors as the OAS Brandt Commission) was made up of Felipe Herrera, chairman; Miguel Ozorio de Almeida, Nicolas Aradito Barletta, William G. Demas, Gert Rosenthal, Walt W. Rostow, Jorge Sabato, Germanico Salgado and Leopoldo Solis.

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not, as analysts sometimes seem to assume, simply passive states of affairs in which the only variable is *our* strategy. We are constrained by the interests and goals of others with whom we deal, as well as by circumstances. This is especially true with regard to Latin America where we are dealing as much with perceptions as with tangible circumstances.

The problem which most Americans have in thinking about Latin America, in fact, is that they have come to consider the dominant U.S. position in the world and the overwhelming hegemony the United States exercised in the Hemisphere in the 20 years following World War II as the normal state of affairs. Consequently, they are tempted to believe that relative declines in U.S. power—especially in the sense of power to control events—are the results of self-imposed policies, and that with will and effort this can be reversed and the "normal" state of affairs reinstated. There are, to be sure, some correctible elements in the obviously changed American position in the world. Rebuilding military strength is an example. But there are also structural changes which are not reversible. These include the changes implicit in the relative rise in power of Western Europe and Japan, and in Latin America, of the "newly influential"; in the complexity of world politics; in the growing interdependence of the political economy; and in the limitations and costs all these trends place on the use of power.

These factors are compounded by a basic tension in the international system caused by trends toward greater international cooperation on the one hand, and an increased desire for greater national freedom of action on the other. Moreover, this tension between international interdependence and national independence is likely to increase.

Nowhere is this clearer than in relation to the U.S. domestic economy. Current American stagflation makes certain measures unavoidable if the economy is to be revived. What this means for Latin American policy can be sensed if one thinks of how the need to combat inflation, curtail government expenditures, reduce unemployment and increase productivity will all relate to the simultaneous need to encourage Latin America's export growth; cope with migration and refugees; and provide our required share of resources to stimulate development and improve international liquidity.

In the late 1960s the United States devoted 0.5 percent of its GNP to foreign aid for LDCs. In 1979 the share had fallen to 0.19 percent, the lowest of any of the industrialized countries of the

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non-communist world except Italy.[17] Yet the constraints are real. Only about ten percent of the current federal budget is "controllable" in the sense of being either non-mandated or non-defense expenditures. If budget-trimming is to be achieved, it must be done out of this ten percent slice which covers the entire foreign affairs budget as well as all other operational expenditures. The dilemma is thus agonizing. If it is in the national interest to aid Jamaica, for example, and the requirement is substantial, where does the aid come from? If national interests dictate assisting simultaneously Turkey, Jamaica, Poland, Portugal, Pakistan and El Salvador, who gets priority and how do we slice the pie? There is, in short, a real question as to whether U.S. policymakers will have available either the level of resources or the degree of popular support required for regional (or world) leadership.

XI

In addition to the "setting" factors described above, we need to take note of two major conceptual issues which emerge from current Latin American dynamics and with which the Reagan Administration will have to grapple from the start: how to deal with Third World change and revolutionary conflict in a setting of sharpened global competition with the Soviet Union; and what to do about human rights.

The former is a generic question which is sure to evoke increasing concern and controversy.[18] It is obviously the possibility of a convergence between a local situation and a Soviet threat that makes the question crucial. Were it not for that, the United States could be relatively detached about internal conflict in LDCs. An initial conceptual task with regard to Third World conflict, therefore, is to determine exactly what is really at stake. Are vital U.S. interests involved? What is the true nature of any Soviet or Cuban connection? What can we tolerate and what can we not risk?

One formulation views not just Soviet/Cuban incursions into the Third World, but the rise of "radicals" as well, as threats to

[17] For a graphic account of the drop in aid levels, see "Hard Luck Story," *The Economist*, September 13, 1980, p. 26.

[18] The literature is already full of descriptions, typologies and arguments on this issue. A good concise summary of different theories is contained in Seyom Brown, "The Trilemma of U.S. Foreign Policy," in "Foreign Policy Priorities for the President: Toward a Future Agenda," *AEI Foreign Policy and Defense Review*, Vol. 2, No. 5. See also Robert W. Tucker, "The Purposes of America Power," *Foreign Affairs*, Winter 1980/81. Two divergent views are Jeane Kirkpatrick, "Dictatorships and Double Standards," *Commentary*, November 1979, and Tom A. Farer, "Searching for Defeat," *Foreign Policy*, Fall 1980.

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the United States. In this view, Third World conflict is seen, in a kind of Manichean way, as a struggle between "moderates," i.e., those who support our general policies and political values, and "radicals," i.e., those hostile to us and our system and who advocate totalitarianism. Some versions of this formulation would include in the former category traditional, authoritarian regimes, if they are "friendly," rationalizing that they may be only moderately repressive and in any case are capable of moving toward democracy.[19] This concept, in short, would have us step back from supporting reform, and would in fact implicitly have us defend "friendly" regimes against revolution and internal change—all on the grounds that we do not understand change, cannot steer it, and cannot predict its outcome. Better the devil we know.

The trouble with this concept, in the first place, is that it assumes one can easily classify everyone as "moderates" or "radicals," whereas these are relative terms whose meaning depends on local circumstances. It tends particularly to cast the "radical" net too widely, implying that the presence or support of any Marxist or Castro-ist element automatically taints any group, however diverse, or any cause, however intrinsically legitimate. This concept thus too readily yields to our adversaries the initiative and leadership or reform and redress; and it gives up too easily any possibility of isolating Marxist elements, or disarming or modifying the hositility of "radicals." Second, there is an implicit assumption that unjust or repressive situations are not inherently unstable and that whether change occurs or not depends on us—i.e., on whether *we* can "destabilize." In fact, unjust situations are unstable over the long run. Demands for reform and change can be suppressed for a while, but the likely consequence is to push demands into violence and to make the change more disrupting when it occurs. Finally, the concept disregards the fact that "friendly" autocrats frequently resist reforming; and since we should not press reforms because the idea is not to destabilize, the practical result would be to force the United States to dance to

[19] Kirkpatrick, *op. cit.* p. 44: This article has many useful insights. But it is a little startling to read: "There are, however, systemic differences between traditional and revolutionary autocracies that have a predictable effect on their degree of repressiveness. Generally speaking, traditional autocrats tolerate social inequities, brutality and povety while revolutionary autocracies create them. Traditional autocrats . . . do not disturb the habitual rhythms of work and leisure, habitual places of residence, habitual patterns of family and personal relations. Because the miseries of traditional life are familiar, they are bearable to ordinary people who, growing up in the society, learn to cope, as children born to untouchables in India acquire the skills and attitudes necessary for survival in the miserable roles they are destined to fill. Such societies create no refugees."

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the weaker "friend's" tune and to become associated with the elements of repression, corruption or injustice that bred instability in the first place. This, in turn, makes it easier for our Soviet/Cuban adversaries to get on the "right side."

Another approach argues that the United States should not get involved in questions of a state's internal order, but should attend to these situations only in cases of clear Soviet/Cuban intrusion. The problem here is that it would involve the United States only at the most deteriorated and dangerous point, when a Soviet threat was unambiguously clear and the only option left was confrontation. It foregoes the opportunity of earlier, less risky actions by us, such as fostering reform which might diminish Soviet/Cuban chances for exploiting poverty and injustice. The obverse may also be true—our initial detachment might actually encourage the Soviets.

A third concept would have the United States encourage reform and correction of abuses both because it is right and because it would "dry up the ponds" in which radicals fish (to use Stanley Hoffmann's imagery). The premise is that over time the internal balance of power in these countries will be weighted in favor of those groups sponsoring reform and correcting abuses; therefore, U.S. influence in them would derive from our identification with such forces (or from our identification with the status quo in a repressive situation). This was essentially the rationale of the Alliance for Progress. The problem with this approach is that it also assumes that we can easily label "progressives," and that we can understand what is needed for sound change and reform. The risk is also great that we would fall into the error—as the Alliance did at times—of being tutelary and overdirective instead of just supportive. To steer change, moreover, may require more resource assistance, such as aid, than we now have available.

Obviously the basic conceptual question cannot be answered in the abstract. A mixture of policy and instruments will clearly have to be fashioned case by case, and different policy approaches may be necessary in different places. But the "support change" concept has one fundamental advantage over the "defend-the-status quo" or "just-pay-attention-to-the-Russians" option. The last two view internal conflict and revolutionary situations exclusively through the East-West prism. The "support change" option has the virtue of dealing directly with the situations and issues affecting the people involved; this does not preclude accurately assessing threats to our interests, and has the best chance of keeping different dimensions in proportion and reality in perspective.

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XII

The second major conceptual issue is what to do about the human rights policy. The assertion of support for human rights by the United States has had a net benefit for the U.S. image in Latin America. There have been obvious criticisms from regimes and elites that have felt themselves targets. But there has been support from democratic regimes, and growing evidence that the perception among ordinary people has been favorable. Successes can be cited in terms of lives saved, prisoners released, and torture curbed as a result of pressures for the observance of human rights. As was stated in a recent *New York Times* editorial:

> Human rights are not just a matter of morality; they are a practical concern. Regimes pass, but people remain. And there is a subtle linkage between the American position on human rights and the whole web of relationships abroad. . . . Morality apart, the logic that governs a human rights policy is national interest.

Judgments on the policy's consistency and implementation, however, would have to be mixed. In Latin America, implementation failed to take into account bilateral contexts, the maintenance of relationships we would need for other ends, and the intangibles of how one deals with Latin Americans to achieve a desired goal. The policy was thus allowed to fall with full weight on Latin American countries, largely unrelieved by other considerations. It was too easily assumed that if there were no concrete interests clearly evident, like a military base, all other considerations could be substantially disregarded.

The problem with the human rights policy, in short, was not that it asserted support for altruistic ideas. It was that conceptually it failed to appreciate what was possible and what was not when the ideas were translated into foreign policy. The difficulty was not that the United States sought to persuade other nations to observe human rights. It was the hubris and the finger-pointing with which we tried to do it.[20] A legitimate objective was thus both overwhelmed and diminished by the zeal with which it was pursued.

If, however, the Reagan Administration jettisons the human

[20] In justice to the Administration it should be observed that one of the most hubristic measures employed—writing annual human rights "report cards" on all U.N. member states—was mandated by the Congress, not the executive. A good account of congressional actions is contained in William Buckley's article, "Human Rights and Foreign Policy," *Foreign Affairs*, Spring 1980, pp. 784–88.

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rights policy—including support for democracy—or even neglects it, it will throw out the baby with the bath water. It will resurrect negative images and identifications. Critics of the human rights policy and officials of the new Administration should ponder carefully the words of the respected Foreign Minister of Barbados, who at the OAS General Assembly on November 19, 1980, said:

> [The human rights policy] has been the single most creative act of policy in the Hemisphere in many a long year. It has raised the consciousness, and stirred the consciences, of many a leader in this region; it has given hope to many an oppressed citizen; it has helped . . . to correct the image of the United States as an unfeeling giant, casting its shadow over its neighbours.

Given the wisdom and correctness of the human rights concept on the one hand, and the difficulty of implementing it bilaterally on the other, the new Administration might well consider placing this valid concern in a predominantly multilateral setting. The Inter-American Human Rights Commission (IAHRC) has been a useful device for focusing attention and pressure within the Hemisphere on serious situations; it played useful roles in both Nicaragua and Argentina. Its multilateral character gives it a prestige and credibility governments cannot ignore. It is potentially more effective than bilateral U.S. policy, moreover, precisely because it removes from the equation the fears of U.S. hegemony or intervention or dependency which blunt rather than sharpen our influence. Strong and active support for the IAHRC, therefore, including adequate budgets, could provide clear U.S. identification with human rights, create an effective instrument for securing better observance of them, and yet depoliticize the issue in bilateral terms.[21]

The American people have always felt a deep commitment to ideals, and the liberties and well-being of other people have been persistent major concerns of U.S. foreign policy. Much of the history of foreign policy in the last 30 years can be written in terms of attempts to reconcile the compulsion to serve these principles with what was perceived to be the requirements of self-interest. The issues of human rights and whether or not to support

[21] The same would be true with regard to U.N. and other international contexts—U.N. Human Rights Commission, the Third Committee, the Helsinki Accords. We could also ratify some of the international conventions on human rights questions, such as the Genocide Convention, now pending in the Senate.

William Buckley's suggestion for a U.S. commission to publicize facts, *op. cit.*, could also be adopted. But just publicizing facts would soon degenerate into an exercise people could ignore with impunity. It would be the active role of international bodies that would afford the best practical chance of improving international performance in this area.

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democracy and reform in the developing world are manifestations of this old foreign policy debate. In the 1940s and 1950s "idealism" versus "realism" was a central motif in public literature. A re-reading of the "debates" of the time between "realists" such as George Kennan and Hans Morgenthau and "idealists" such as Reinhold Niebuhr is both illuminating and relevant to our current condition. What it all underscores is that effective policy and wise self-interest can only be found at a point in between the sentimental illusion that nations can pursue moral crusades without reference to interest and the cynicism that believes that the nation in practice has no obligation beyond interest.

XIII

The change in Administrations in Washington may well turn out to be a significant benchmark in the history of U.S.-Latin American relations. Besides apparent differences in the way the world is perceived, there is the likelihood that Latin America will be the sector of foreign policy in which there are the largest differences in perceptions and premises between the old and the new Administrations.

The Carter Administration policy's greatest strength lay in its understanding of the changes that had taken place in Latin America, in its appreciation of the importance of ideals and principle, and in the vision it had of the kind of international relations it wanted to see achieved in the Hemisphere. Its greatest deficiencies lay in its efforts to reconcile the use of power and influence with the larger principles it proclaimed; in persistently being unable to trade off conflicting minor goals and consequently oscillating back and forth between contradictory objectives with dismaying inconsistency; and in overestimating the degree to which the region's dynamics could be isolated or considered apart from global balance-of-power considerations.

We do not, of course, yet know what the Reagan Administration's Latin American policy will turn out to be. To the degree that the writings and comments of advisers adumbrate that policy[22] one suspects that the previous Administration's strengths

[22] See text of remarks by Roger Fontaine, speaking for the Reagan campaign, on June 25, 1980, in the Center for Inter-American Relations, Presidential Candidates Forum Series. See also Pedro San Juan, "Why We Don't Have a Latin American Policy," *Washington Quarterly*, Autumn 1980; Kirkpatrick, *op. cit.*, DiGiovanni, *op. cit.*, and the remarkable document by the Committee of Santa Fe for the Council for Inter-American Security, *op.cit.* Understanding is not helped by the kind of unscholarly but carefully crafted innuendo and insinuation contained in the article by Fontaine, DiGiovanni and Krueger, "Castro's Specter," *Washington Quarterly*, Autumn 1980.

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and weaknesses will be reversed. Indications are that the region will be viewed predominantly in terms of the global balance of power; that emphasis will be on security arrangements and on mobilizing the Hemisphere in terms of the cold war. The Reagan Administration is likely to have a good appreciation of power, but it may overestimate its utility in given situations; it may also underestimate the importance of "abstractions" such as human rights. Indeed, one has an uneasy feeling of *déjà vu* when one reads currently the same kinds of concepts and arguments as those that marked U.S. policy in the 1950s. It may not be unfair to suggest that incoming officials should ponder carefully that U.S. experience and the Latin American reaction to that decade, especially our association with such "friends" as Perez Jimenez, Rojas Pinilla and Trujillo, in the name of both anti-communism and the protection of U.S. investments. They could do worse than include in their briefing papers a rereading of Milton Eisenhower's book, *The Wine is Bitter.*

XIV

In sum, deep changes are occurring in all the countries of Latin America and the Caribbean. They have different meanings and take different forms in different countries. In the larger, more differentiated and institutionalized national contexts, for example in Brazil, the dynamics are of a more conventional, less volatile kind. In the more primitive and smaller contexts, as in Central America, the manifestations are more volatile, more conflictive and more reminiscent of the 1960s than the 1970s. In most cases, such as in South America, affecting or determining the process of internal change and modernization is beyond our power or resources. In some cases, as in Central America, we have more capacity to shape outcomes.

In all cases, however, geographic and historic factors, and the international role these dynamic countries can play, especially the "new influentials," all make a constructive relationship with them of profound consequence to the United States. That in turn requires being relevant to national concerns and situations. For the larger countries, relevance means being responsive and helpful to their central anxieties—trade, access to capital, debt management, economic and social development. For revolutionary situations it means help in fostering moderate resolutions of internal conflict and "drying up the ponds."

Being relevant also means having available an adequate array of tools and resources to carry out relevance, that is, *inter alia*,

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substantial aid resources, adequate commercial policies, help in assuring international liquidity. That brings us back to the basic dilemma—that there may be a fundamental contradiction between what a wise foreign policy for the region requires and what domestic policy will permit. But this contradiction has to be faced. If we want to play in this poker game we need the chips; if we cannot afford the chips we should get out of the game. The role and interest we seem to want to proclaim for the United States cannot be carried out on the cheap. This is precisely the point eloquently articulated by both Secretaries Vance and Muskie in 1980.[23] In Muskie's words, "There is no lack of rhetoric calling for more American leadership in the world—leadership we must continue to provide. But if we are to continue to lead, then we must be prepared to pay the costs that leadership requires."[24]

What is required now in U.S. policy is balance, compassion, sensitivity and cultural understanding; we need a sound and proportionate sense of power and how to use it; we need an equally accurate appreciation of the intangibles and the relationship of larger principle to self-interest; and we need a sense of history.

No simple Manichean view of the world as either red or white will provide wise policy. No Hobbesian analysis or neo-Metternichean view of political change will be a sufficient guide. The realities are too convoluted, interlocked and multidimensional for that. President López Portillo was right. Everything is part of everything else.

[23] Commencement address delivered at Harvard University by Cyrus R. Vance, printed in *The New York Times*, June 6, 1980. Address by Secretary of State Edmund Muskie, "The Costs of Leadership," delivered to the Foreign Policy Association, New York, July 7, 1980, reprinted as State Department Current Policy Paper, No. 196.

[24] Muskie, *op.cit.*

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Andrew Young

THE UNITED STATES AND AFRICA: VICTORY FOR DIPLOMACY

On April 18, 1980, as Lord Soames and Robert Mugabe exchanged compliments, the Union Jack made its final descent on the African continent and the flag of Zimbabwe flew alone after a generation of struggle in the United Nations, on the battlefield, and at the polls. With the independence of Zimbabwe, U.S. policy toward Africa registered an important achievement, and a new period in African-American relations began. Ironically, few policymakers in the Congress or Department of State had believed such an outcome to be possible. However, real African and American interests ultimately prevailed against the anxieties and prejudices which have long limited our thinking about events in Africa and had also blocked a settlement of that long-lived conflict.

At the inaugural ceremony, Prime Minister Mugabe's call for reconciliation between blacks and whites came as a welcome surprise to those who had for years dismissed him as "a Marxist-terrorist trying to gain power through the barrel of a gun." Despite widespread doubts outside Zimbabwe about the strength of Mugabe's political constituency, he had achieved a solid electoral victory over both Bishop Abel Muzorewa, on whom both Britain and South Africa had placed their hopes, and Joshua Nkomo, who enjoyed military support from the Soviet bloc. The unexpected size of his majority gave Mugabe an unequivocal mandate which greatly simplified the task of the British in handing over power. All in all, the election and handover represented a triumph of democracy in the face of considerable external pressure.

The Zimbabwe settlement must also be recorded as a victory of the Western alliance in cooperation with the Organization of African Unity (OAU). It signaled a renewal of the cooperation in decolonization which came under Western leadership and via the United Nations during the 1950s and 1960s. And it curtailed at least temporarily the trend toward growing dependence on Soviet military aid to bring about African liberation. That trend had

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proved all-important in the 1970s, when the West backed Portugal against Soviet-armed liberation movements in Angola, Mozambique, Cape Verde, and Guinea-Bissau. By 1980, the Soviet Union's once widespread influence over the continent remained crucial only in Ethiopia and Angola (and the latter was reaching out for stronger ties to the West).

The blunting of the Soviet political advantage in Africa came through a process begun by the repeal of the Byrd Amendment (which allowed the United States to break with U.N. sanctions against Ian Smith's Rhodesia and to resume importation of Rhodesian chrome until early 1977), continued with the promulgation of the Anglo-American Plan for Zimbabwean independence and the Western initiative on Namibia in 1977, and then with the Lancaster House talks on Zimbabwe in 1979. This process must be viewed as an example of highly effective implementation of the Carter Administration's strategy of protecting American strategic interests through diplomatic means.

Repeal of the Byrd Amendment in 1977 helped create an atmosphere which certainly did not exist before, one of considerable trust and a free-flowing exchange of information among the United States and Great Britain on one side, and the Zimbabwean Patriotic Front, the Frontline states (Angola, Botswana, Mozambique, Tanzania and Zambia), and Nigeria on the other. The new climate was further improved by a new African confidence in the U.S. commitment to human rights and to the values and principles articulated in the U.N. Charter. The Zimbabwe settlement would not have been possible without this spirit of cooperation, fostered by the United States from the earliest days of the Carter Administration, which made possible African-Western talks over the nearly three years which led up to Lancaster House.

Just five years ago, the prospects for African-American relations were extremely bleak. The Soviets and Cubans held sway militarily in Angola against a South African incursion launched with Western encouragement, if not assistance. The prospect of Soviet hegemony over the resource-rich southern African region represented a serious strategic threat to Western interests, and much of Africa saw armed struggle with Soviet weapons as the only course to the total decolonization of the continent.

Several factors have emerged, however, which have radically altered the African-American equation and which will continue to influence both events and policy during the coming decade: first, the consolidation of a new American constituency for African affairs; second, the growth of Nigerian economic power; third,

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keen African concern for economic development; and fourth, the potential for pragmatism on the part of South Africa. These factors will remain no matter what the changes in U.S. Administrations. One could hope that—as in the case of the government of Margaret Thatcher in Britain—these dynamics may even lead to the strengthening of U.S.-African relations under the conservative Administration of Ronald Reagan.

II

Let us proceed by reviewing briefly the developments in Zimbabwe during 1980, and then see how these, and the whole course of events that produced the basic Lancaster House agreement of 1979, related to the four factors I have just cited. In the process, the wider significance of these factors, not only for Zimbabwe itself but for American policy toward Africa, will be considered.

The Lancaster House accord was a triumph for the major parties involved. It was achieved through the skilled and tough diplomacy of the British government, especially of Lord Carrington as Foreign Secretary; the patient statesmanship of the Front-line states and Nigeria; the courage and unshakable commitment to liberation shown by Robert Mugabe and his colleague, Joshua Nkomo; and, in the background, the firm, consistent support of the U.S. government.

Taking the reins in the spring of 1979 when Ian Smith and Bishop Muzorewa had installed an interim government supported by many in Britain (and in the U.S. Congress), Carrington—and his chief, Mrs. Thatcher—had the wisdom to see that the internal settlement was so shot through with compromise, and, for all practical purposes, continued white domination, that it could not survive. After close and fruitful consultation between Carrington and U.S. Secretary of State Cyrus Vance, President Carter made a crucial contribution in June 1979 by persuading the Congress not to lift economic sanctions against the Smith-Muzorewa regime pending the outcome of further negotiations. That set the stage for the Lancaster House accord in December 1979, and for the election process in the spring of 1980.

Robert Mugabe emerged in unquestioned control of the country, and his call for reconciliation between blacks and whites earned him the international respect that previously had been denied him in much of the Western world. It was at once clear that Mugabe's was the voice of the present and future in Zimbabwe.

But this is not to say that he had smooth sailing in 1980, or that

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the prospects for the future are clear or without major problems. During the year the Mugabe government had considerable difficulty moving to integrate the liberation forces into a national army, and there were significant outbreaks between the former Mugabe and Nkomo forces, culminating, in January 1981, in Nkomo's ouster as Home Affairs Minister. Also, the acquittal of a Cabinet minister charged with the murder of a white settler—albeit an acquittal based on an old statute enacted to protect the anti-liberation actions of Ian Smith's officials—may have seriously impaired the prospects for retaining the bulk of the white population in a truly nonracial country, with all that would mean in both political and economic terms.

Moreover, and contributing to these internal political difficulties, the massive external assistance that the new Zimbabwe needed in the wake of years of warfare and sanctions was forthcoming only to a very limited degree. The U.S. contribution so far—about $30 million in fiscal year 1980 and between $30 and $35 million pledged but in no way nailed down for fiscal 1981—is hardly a drop in the bucket in relation to the estimated $1 billion it will take to repair damage wrought by the war and resettle refugees and landless farmers.[1]

So the situation in Zimbabwe cannot be regarded as an unqualified success in terms of the hopes that existed in April 1980. The country's future development will require extraordinary statesmanship on the part of Mugabe and his former rivals, and it will also need a much more serious and concerted Western policy of support. Yet, with all these qualifications, the outcome was a historic event for Africa and for the continuing relationships between the continent and the West, including the United States. Accordingly, it is useful to record important factors that both entered into the result and form the background for further American policy in Africa as a whole.

The *first* of these, as I noted, has been the emergence since 1975 of a new constituency for U.S.-African affairs in the United States, born of a merger of civil rights organizations, young black professionals, church groups, some labor unions, college students, and groups which had opposed U.S. involvement in the Vietnam War. Without this constituency and the strong position taken by President Carter, the movement toward the Lancaster House negotiations might well have been derailed before it even got underway.

At the time of the South African invasion of Angola in 1975,

[1] It also contrasts markedly with the $1 billion figure for a Zimbabwe Development Fund bandied about by then Secretary of State Henry Kissinger in 1976.

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Americans in this new constituency formed the opposition to U.S. clandestine involvement in a venture into Angola in which the Central Intelligence Agency backed forces which opposed the Soviet-backed Popular Movement for the Liberation of Angola (MPLA). The new Africa constituency, along with its allies in Congress, focused on the nature of the covert aid, which was aimed chiefly at raising costs to the Soviets without any clear view of how the outcome in Angola could be shaped to further real U.S. interests in a peaceful settlement. Further, the alignment of the anti-government forces in Angola with South Africa was perhaps the major concern of the constituency. A main driving force for them, then and now, was the determination that the United States not provide a bulwark (either through commission or omission) for white suppression of blacks in southern Africa. They also emphasized that outside military intervention cannot bring long-term stabilization to Africa, and that U.S. access to minerals and markets on the continent requires stability. In addition, they insisted that the only effective approaches to African problems are those which are sensitive to African positions on the issues and to the conditions shaping African political responses, pointing out that U.S. attempts to combat Soviet influence for its own sake have continued to meet with widespread suspicion and opposition within the continent.

In the aftermath of Vietnam, oppression of blacks by whites in southern Africa became the main international political cause for students and church groups, both of which focused efforts on stockholder actions against corporations and financial institutions with South African holdings. The new U.S.-Africa coalition sought to establish its ideals and policies in the 1976 elections. Human rights and an anti-apartheid stance became the mobilizing factors in several primaries where Jimmy Carter, a southern fiscal conservative, needed to establish liberal credentials among minority and young-adult voters.

The human rights side of the coalition was strengthened by the addition of a "big business" faction. At the time of Angola this was led by the Gulf and Mobil oil companies, which found that they could still do business in Africa, even with the government of Agostinho Neto in Angola, in spite of the Soviet and Cuban presence. They were joined in Angola by Boeing, which installed an air-traffic control system for Luanda Airport, and Lockheed, which sold C-130s and trained pilots for the government.

Strengthened also by the Africanists in the State Department and in academia, the coalition prevailed in Congress with White

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House support through most of the Carter years. The chief results included Zimbabwe, the continuing U.N. initiatives in Namibia, and a flourishing relationship with Nigeria.

The new constituency for U.S.-African affairs will remain an important force in U.S. politics in the 1980s. The coalition can be counted upon to support the kinds of diplomatic initiatives and economic cooperation characteristic of U.S. policy toward Africa during the last four years. It is also prepared to provide organized opposition to any attempts to reverse that policy and return to cold-war-style confrontation on the continent. The Africa constituency will maintain its strategic argument that basic U.S. interests are congruent with the policy directions since 1977, in curtailing the military involvement by the Soviet Union without direct U.S. military initiatives.

This coalition is likely to respond to events in South Africa with an aggressive strategy calling for the severing of U.S. political and economic ties. Only the Soviet invasion of Afghanistan and the resurgence of an anti-draft protest undercut the "South Africa issue" in 1980. For the future, the churches have presented a strong moral case for divestiture and will be joined by campus activists as crises occur. Finally, to the extent that corporate America is forced to choose between a market of four million white South Africans and a growing market among the 400 million-African population on the rest of the continent, it will find it increasingly difficult to reconcile these competing demands.

Second, in the course of the negotiations to produce the Lancaster House agreement a vivid and powerful demonstration occurred of the new weight and importance of African economic power—namely that of Nigeria. In the summer of 1979, Nigeria did not hesitate to use its economic power to put pressure on Britain, nationalizing the holdings of British Petroleum in Nigeria, dumping 500 million pounds sterling onto currency markets, and rejecting a bid from a British firm for a $200-million port-development project.

Privately the then military government of Nigeria made it very clear that this economic "shot across the bow" was designed to make Margaret Thatcher's government aware of its economic dependence on Nigeria and to warn the Prime Minister not to ignore Nigeria's sensitivities on southern African issues. In Africa, this action was generally regarded as an effective method of maintaining a balance in Britain's efforts to negotiate a settlement in Zimbabwe, by reminding Britain of its economic stake in African politics—in addition to the kith-and-kin sympathies which

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made the Tories primarily responsive to the views of European settlers and white South Africans.

Nigeria is in some important respects Africa's most powerful nation. Its population is about one-fifth that of the entire continent. Comparing it with the continent's other major power, South Africa, Nigeria cannot compete in armaments (though the Nigerian Army is considerably larger). Looking at economic indices, however, Nigeria's gross national product now exceeds that of South Africa as does its trade balance with the advanced industrialized nations. In addition, its intensive educational program for its large and diverse population should provide an important source of skilled manpower for the development of the region.

Nigerian power must be of special concern to the United States. Nigeria is the second-largest supplier of imported crude oil to the United States, supplying 16 percent of the nation's total imports. The Nigerians sell us half of their oil production at standard prices of the Organization of Petroleum Exporting Countries (OPEC). The remaining crude is sold on the world market at as much as eight to ten dollars more per barrel than the price to the United States. Nigeria clearly values the stability of the U.S. market, and with a population of 90 million it needs continuous trade in order to finance its development plans. Hence the Nigerians refused to observe the oil embargo resulting from the 1973 Arab-Israeli conflict.

U.S. dependence on Nigerian oil has led to the largest trade deficit this country has ever experienced with a major trading partner. The 1980 deficit is expected to approach $13 billion, and with the recently voted OPEC increase in oil prices, that deficit can be expected to continue climbing unless we can improve our trade pattern with Nigeria. Currently, U.S. exports to Nigeria are about 12 percent of those for the European Community as a whole, and half those of Great Britain, while running behind exports of France and of Japan as well. Investment contracts with U.S. firms totaling $1.8 billion are now pending in Nigeria, however, and are extremely close to final agreement. These prospects represent a major entry into the Nigerian market by U.S. companies, possibly opening the door for more trade in a market long dominated by Europeans.

Any longer term improvement must stem from close government-to-government cooperation. U.S. companies suffer serious competitive disadvantages as they bid against government-subsidized firms of our Western allies and Japan. Obviously more aggressive U.S. export development policies are required. In ad-

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dition, however, successful competition also depends on political rapport between the two countries. The democratically elected Nigerian government, which is by far the largest economic actor in that nation, must use its power in a way that responds to the attitudes of its citizens. In this regard, Nigeria will endeavor to foster its interest in economic development and stable trade relationships with the West while simultaneously continuing to use its leverage with Western nations and corporations in the interest of its political goals on the African continent—especially with regard to South Africa.

Militancy on the South African question undoubtedly has a broad consensus in Nigerian politics. No government there could survive if it were perceived as relaxing its anti-apartheid commitment. As in the United States, the vocal Nigerian press serves as a watchdog over the activities of government officials and politicians.

Presently the government of President Shehu Shagari is in a "go-slow" pattern with Washington and U.S. business. One of his top advisers in Lagos recently stated the government's approach to balancing political and economic factors thus: "Trade and cooperation were easy under the Carter Administration because we were dealing with people who respect human rights and who believe in majority rule, but we have heard strange things from some of Governor Reagan's advisers."

In general, Nigeria's democratic institutions (patterned on those of the United States) and its relatively capitalistic economy gear the country toward cooperation with the United States. Following its successful transfer of power from military to civilian governance, its newly devised political processes seem to have gained wide acceptability. Their ultimate success, however, will to some real extent be determined by the government's ability to meet economic needs. An ambitious program of universal education, health care, housing, and agricultural self-sufficiency has been launched. Massive infrastructural projects to develop power, highways, railroads, and a new federal capital at the center of Nigeria's 19-state federation are also getting underway. To achieve these goals, Nigeria is looking to the West, and particularly the United States, for economic partnership.

Meanwhile, Nigeria is playing an increasingly influential role in the political and economic policies of other African countries. As a consequence of its oil wealth and OPEC membership, Lagos exercises considerable leadership in the Organization of African Unity (OAU) and dominates the Economic Community of West

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African States. Nigeria's resources and zealous commitment on Zimbabwe made it a virtual partner with the Frontline states at various stages of the negotiations for a settlement. Its diplomatic corps has been central to efforts by West African countries to resolve the conflict in Chad.

For all these reasons, Nigeria will remain important to the United States, as the chief U.S. economic partner in Africa and a potential key political ally. The two countries will continue to share a strong interest in resolving African conflicts and in thereby minimizing the military role of outside powers in the continent. Thus, for the foreseeable future, the achievement of U.S. aims in Africa will require close cooperation with this African giant.

Third, the outcome in Zimbabwe reflected the now clearly dominant emphasis of African nations on economic development and political stability. Now that the decolonization of the continent is almost complete (South Africa is not, even by OAU norms, considered a colonial problem), continued warfare has obviously become destructive of everyone's interests. In southern Africa, when genuine opportunities for peaceful, democratic solutions to the problems of decolonization have been offered (in Zimbabwe and Namibia) they have been readily received—especially by Angola and Mozambique, which still suffer the price paid for their armed struggles against the Portuguese.

Nothing has affected the East-West competition for African influence and resources as much as the African realization that the problems of hunger, disease, illiteracy and underdevelopment are equally as intractable as the problems of racism and colonialism. And Africa's economic partners and patrons continue to be virtually exclusively Western, since the Soviet Union remains unwilling or unable to invest in Africa, or give economic aid, on any significant scale. As one African editorial writer put it, "We depended on the Russians to supply us with weapons in our struggle against European colonialism, but now that we have virtually won that struggle, we realize that you can't eat bullets and that whether we like it or not, only the West has offered development assistance."

Despite embarrassingly low levels of official development assistance by the West, the availability of Western private investment and a century-long commitment of Christian missionary education have given the West an almost complete domination over the Soviet bloc when it comes to African development. Even with the Soviet and Cuban presence in Ethiopia and Angola, the Ethiopians have had to turn to the United States for food and pesticides

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to fend off their traditional plagues of locusts, and Angolans have yet to miss a day of oil production by U.S. companies.

Contrasts in the development of Guinea and the Ivory Coast also illustrate the comparative advantages for African countries in ties with the West. When Guinea, under Sékou Touré, rejected Charles de Gaulle's offer of French citizenship and insisted on independence, the nation turned to the Soviets. After 20 years of Soviet influence, and in spite of a milder climate and greater rainfall than in the Ivory Coast, Guinea lagged in agricultural development. The Ivory Coast, one of Africa's smaller countries, chose to cooperate with the French and became the largest African exporter of both coffee and cocoa, as well as the producer of sufficient rice and maize to meet domestic needs. While Touré has governed Guinea with considerable political repression, the Ivorians have had a relatively free and open society. (Notably, in 20 years of independence there has not been a single execution in the Ivory Coast.)

The priority of economic development and stability impelled Marxist Mozambique to cut back sharply on the government's role in the economy, and call back thousands of businessmen and shopkeepers who fled the country at the time of independence to return and take over businesses again. As for Mozambique's neighbors, the rail lines which convey the rich resources of Zambia and Zaïre traditionally have traveled through Angola or Mozambique and Zimbabwe to the sea. Any political turmoil in the region threatens all of the countries there, whereas any new wealth or progress spreads throughout the area. This is the reason why the end of fighting in Zimbabwe became such a strong priority and why a peaceful transfer of power in Namibia remains essential for the entire region of southern Africa.

The overthrow of the Tolbert government in Liberia in April 1980 suggests just how important development questions have become for African governments. Long-standing tensions between the ruling Americo-Liberian group and the indigenous population had erupted in rice riots by students and workers who were protesting food shortages amid the extravagance and corruption of the elite. Too late did the rulers sense the gravity of the situation and attempt to attract major development assistance in agriculture.

To survive, any government must wage a battle against poverty and underdevelopment. Once a nation has started up the ladder of progress, there is no retreat. The challenge to African governments requires an increasingly rapid creation of wealth and

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opportunity.

Fourth, the successful transfer of power brought about at Lancaster House would not have been possible without South Africa's political pragmatism. The conduct of the war against the Patriotic Front was creating refugees spilling over into Botswana and Swaziland as well as Mozambique. In attempts to destroy military encampments, the Rhodesian forces were creating additional problems for the future. While the Patriotic Front could not destroy Rhodesia, neither could Rhodesia destroy the Patriotic Front. In the meantime, commerce was being disrupted, and bridges and rail lines destroyed, creating a stalemate evolving to the detriment of everyone's interest, especially that of South Africa.

Hence Pretoria reluctantly pressed Ian Smith and Bishop Muzorewa to agree to British-supervised elections. Of course, South Africa fully expected Muzorewa to win the elections and spared no financial resources in his campaign. Mugabe's victory was as surprising to South Africa as his performance once inaugurated. For South Africa, Prime Minister Mugabe's clarity of purpose and determination to maintain a nonracial Zimbabwe—like that of Samora Machel of Mozambique and Agostinho Neto of Angola—may prove somewhat reassuring. (Angola, Mozambique and Zimbabwe probably have the most multiracial governments on this planet, with African, Asian and European citizens serving at the ministerial level.)

In fact, most white South Africans now accept some change as inevitable. They realize that history is catching up with them and though they are far from "giving up" they know they must accommodate change in the system of apartheid. But while they agree to the necessity of change, they are to date engaging primarily in the illusion of reform and resisting every effort to allow the majority to develop an authentic leadership that might produce change in a rational, non-destructive manner.

Nonetheless, it is no longer politically possible in today's international environment for the 15 percent of South Africa's population which is white to deny the 85 percent Asian, Black and Coloured populations all political, economic and cultural rights of self-determination. Even the Russians share their limited freedoms more broadly than that.

The first external shock leading South Africa to a new realization of its precarious position was the 1974 collapse of the Portuguese colonies, which destroyed the protective buffer between them and black Africa. The failure of Pretoria's military incursion into Angola to establish a client government under Jonas Savimbi

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and the resulting involvement of Cuban troops in Africa caused a serious military reappraisal of their situation.

At the same time, the hostilities in Angola contrasted with an evolving pattern of cooperation between South Africa and Mozambique. The two countries share the port of Maputo and a supply of hydroelectric power from Mozambique's Cabora-Bassa dam. In addition, thousands of Mozambiquans are employed in South African gold and coal mines, repatriating valuable foreign exchange to their families in Mozambique. South Africa's annual payments to Mozambique for transit rights and the miners' salaries—about $140 million—constitutes about 35-40 percent of Mozambique's yearly income.

The extensive economic linkages have given rise to a remarkably pragmatic relationship which still does not compromise the basic principles of either country. In time, however, these links may diminish the ideological distance.

It is not surprising that Prime Minister Botha's military background has led him to his present stance as the leader of South Africa's moderates. Botha's successor as Minister of Defense, General Magnus Malan, is reported by *The Christian Science Monitor* to have reached a similar position, concluding that no nation can simultaneously fight an insurgency on its borders and an insurrection at home and therefore that some amelioration of the conflict between the races must come.

Equally strong in South Africa is a desire for an alliance with the West. White South Africans know that they cannot survive as an island of racism on the African continent without the tacit support of America, Europe, and Japan. It is this tacit support, however, in the form of extensive trade and investment ties, that creates the moral and political dilemma for the West. South Africa's abundant store of chromium, gold, manganese, industrial diamonds, and seemingly endless amounts of coal is becoming increasingly important to a resource-straitened West. Further, South Africa's supply of cheap black labor makes investment highly attractive and the four million white citizens constitute a profitable market. Now, however, the West may be forced to choose between the market and resources of South Africa's four million affluent whites and those of the 51 independent African nations. Certainly this was the message of President Shagari of Nigeria when he visited the United States in October 1980: "We cannot allow businesses to accrue profits from us which they will then use to support the oppression of our brothers in South Africa."

The economic pressures without, plus the tensions within, create

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a situation which can only be resolved as South Africa, with pressure and encouragement from its trading partners, is able to creatively and pragmatically unravel the system of apartheid. While there is little or no evidence that the current regime is willing to move rapidly and decisively to accommodate these pressures, the Afrikaner is nonetheless a tough-minded realist who is constantly searching for ways to survive and to maintain his privileged station. On that realism rests the only hope for a peaceful solution to his and his countrymen's dilemmas. Pragmatically, he must know that he treads a narrow path with only two choices available: chaos or community. Looking at the South African white with the utmost sympathy, it seems clear that he indeed must "work out his own salvation with fear and trembling." At present, he knows neither the day nor the hour of his judgment; with a genuine commitment to change he could play a great role in determining his own future.

III

Given all these underlying continuities, what are the future issues and prospects for U.S.-African relations? In southern Africa, efforts to achieve independence for Namibia have been slow and agonizing. Negotiations for a transition to Namibian independence through U.N.-supervised elections began in 1977. The five Western members of the Security Council at the time—Britain, Canada, France, West Germany and the United States—worked with the Frontline states and Nigeria in an effort to get the South-West African People's Organization (SWAPO) and South Africa to agree to the U.N. plan. The Frontline states, and especially Angola, have sufficient leverage to bring SWAPO around, and South Africa was agreeing at least in principle by 1979. But the South African regime kept stalling on final approval right through the conference of the concerned parties at Geneva in January 1981.

The recently concluded conference was convened in order to establish a climate of trust which would lead to a U.N.-supervised seven-month transition period, culminating in the election of a constituent assembly for Namibia. Whether or not this process goes forward depends on whether or not South Africa has decided that its long-term interests now require an early end to the conflict. It was generally expected that South Africa was waiting for some signal from the new Reagan Administration before moving further on the Namibia question. At the same time, African patience was wearing thin, and there was a good prospect that the instrument

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of U.N. sanctions against South Africa would be proposed in the Security Council. If put to a vote, it would be an important test of U.S. Africa policy under Reagan. The actual adoption of some sort of sanctions would be a further test of South African political will to accept peaceful change.

The most powerful and explosive pressure on South Africa now, however, is internal. Poverty and affluence cannot exist side by side, particularly when the highly visible but artificial barrier of race is the ultimate divider. Prior to 1948, South African blacks enjoyed some of the best educational facilities on the continent. Both Joshua Nkomo and Robert Mugabe studied in South Africa. The present leadership in Mozambique went to South Africa to consult with the leadership of the African National Congress of South Africa when they founded the Mozambique liberation front, known as FRELIMO. South Africa has many leaders of the Asian, Black and Coloured majority who are capable of sharing the leadership burden which has been co-opted by the white minority. But that minority has consistently repressed the very people on whom its survival depends.

With the banishment and repression of trained leadership within South Africa, the frustrations of youth under the pressures of poverty and racism have become suicidally explosive. In the competition for leadership, the sector which produces the most action is likely to emerge dominant regardless of philosophy. This is another lesson from Zimbabwe. The masses of population gave their support to the group that seemed to have earned independence.

In South Africa this need not yet indicate that the most militant and violent activist groups will automatically predominate. The boycott of classes by more than 100,000 Coloured students in April and May of 1980, demands for increased wages and better working conditions by workers, and the spread of protest activities among Indian and white students have constituted a formidable political effort on behalf of change. It is also true, however, that the bombing of South Africa's SASOL plant last June by urban guerrillas has gotten far more acclaim among black South Africans than would the negotiation of a labor or housing agreement. The South African press, like our own, will give much more dramatic coverage to a destructive event than to a major positive accomplishment. While this does not negate the influence or importance of moderate groups and leaders, it does place them at a definite disadvantage in the change process.

As events unfold, the U.N. Security Council will inevitably

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become the scene of African calls for censure and sanctions as a means of demonstrating international rejection of South Africa's minority government. The U.N. Security Council resolution calling for sanctions against Iran in the hostage situation was drafted by African members of the Security Council, having in mind the possibility of a similar approach to South Africa. The overwhelming condemnation of the Soviet invasion of Afghanistan and the worldwide pressure on the Soviet Union to abstain from any overt pressures against Polish workers are all seen as Western-established precedents which may one day be applicable to South Africa. Western or U.S. vetoes on South African sanctions could prove costly in the arena of world public opinion.

Would sanctions against South Africa prove useful in producing desired changes? Sometimes external pressure can be quite helpful in producing results in areas where there is already general agreement but insufficient courage to move in the right direction. Given difficulties for any leadership group in engineering or even proposing real change, sanctions or the threat of sanctions which will inconvenience the ruling minority but not destroy the country or hamper legitimate development plans can serve as an external force or "scapegoat" assisting in the change process. In much the same way the U.S. Supreme Court became the "scapegoat" and moral authority for mobilizing social change in the system of legal segregation in the southern United States.

Further, sanctions may work quite positively if they are carefully framed and targeted to specific ends. In that case, South Africa could put an end to a particular sanction through a concrete action. They will also have most effect when applied only as a last resort, where, as on Namibia, some area of general agreement has already been derived through negotiations.

One rather narrowly framed sanction often discussed in U.N. circles is a boycott of all commercial air travel to and from South Africa. Such a sanction could be monitored easily through existing U.N. laws governing landing and overflight rights established through the International Civil Aeronautics Organization. Existing radar tracking stations make such a sanction enforceable by the collective will of the nations of the world.

The application of both internal and external pressures will remain essential if South Africa is to have any chance of survival and racial reconciliation.

IV

One would think that the U.S. policy of encouraging peaceful settlement of conflicts in southern Africa would apply also to

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conflicts to the north. But in 1980 that policy was under challenge with respect to the continuing struggle for independence in the Western Sahara, the expansionist designs of Libya, and conflict in the Horn of Africa.

In the case of *the Western Sahara*, the Carter Administration made what may prove to have been its major blunder in Africa, by approving military sales to Morocco, which was fighting the Polisario liberation movement for control of the territory formerly colonized by Spain. When the Spanish withdrew from their Western Sahara colony in 1975, they divided the territory between Morocco and Mauritania, ignoring the movement for self-determination by the indigenous population. In the ensuing war, Mauritania abandoned its claim in 1979 and pledged to live in peace with an emerging nation. Morocco, however, continued to view the Western Sahara as a part of an enlarged Maghreb kingdom under King Hassan II.

When Hassan sought additional hardware for the fight over the territory, the United States was confronted with a policy dilemma: Morocco was a military ally, but neighboring Algeria, a major trading partner of the United States and a key negotiator of attempts to free the American hostages in Iran, strongly backed the Polisario. Moreover, the Polisario now enjoys the support of a majority of both African and Arab delegations at the United Nations. Whereas in 1978 and 1979 both a Moroccan and an Algerian resolution on the question received largely favorable votes in the General Assembly, in 1980 the Assembly approved only the Algerian resolution—86 to 6 with 44 abstentions (including the United States)—which called on Morocco to withdraw and to begin negotiations with the Polisario for a peaceful settlement in the territory. No Arab nation voted with Morocco against the resolution, and even Saudi Arabia abstained.

The U.S. government, however, had decided to make the military sales to Morocco, with the rationale that this would give Hassan leverage in negotiating an end to the war. Yet the fighting has not diminished, Morocco has shown no sign of a willingness to negotiate, and the King is headed down the well-worn path of those who attempt to suppress legitimate aspirations for independence and self-determination. Thus the United States, itself a pioneer in self-determination, is allied with an effort to expand the realm of Hassan beyond his borders.

It is true that the United States needs a strong and stable ally at the mouth of the Mediterranean Sea, and Hassan, a longtime friend, could be such an ally. But instead of making every effort to extricate him from his problems in the Western Sahara, U.S.

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policy now encourages the warfare, at the expense of Moroccan domestic development priorities. Continued turmoil, regardless of the winner, is likely to lead to extended destabilization of Morocco and a direct threat against Hassan himself.

It is in the King's own security interests to have an independent and friendly neighbor on his southern flank, and a negotiated settlement with the Polisario—which desires such a political resolution—would produce just that. For the region as a whole, the U.S. interest is simply a stable relationship among Algeria, Morocco and the Polisario which enables trade and development to go forward unimpeded.

Colonel Muammar el-Qaddafi, Prime Minister of *Libya*, is Africa's remaining rogue elephant. He uses the country's oil wealth to promote his own personal brand of Islamic fundamentalism. Unable to fulfill a dream of pan-Arab unity with himself as its leader, Qaddafi now seems to be pursuing a vision of an expanded Saharan kingdom. There is fear in some African quarters that he has designs on the area extending from Senegal to the Sudan. His military support for the victorious faction that took control of Chad in December 1980, and the subsequent "merger" of Libya and Chad in January, exacerbated the fears of Libyan adventurism. A Libyan-dominated Chad caused little alarm initially, because Africans saw it merely as an expulsion of French influence. But the abortive Libyan raid into Gafsa, Tunisia, Muslim riots in Kano, Nigeria, and the fears of Senegal's former president Leopold Senghor raised a question of malicious mischief which could be damaging to Sudan, Niger, Mali and Cameroon—all countries with complex balances of Christian and Muslim populations.

Libya is no threat requiring U.S. or French intervention, but a Soviet-armed Muslim revolution is certainly a threat to North African stability. This should be the subject of serious U.S. consultation with Egypt, Algeria, Nigeria and Sudan, seeking to halt a destructive spread of mischief and to bring Qaddafi into line with the objectives of neighboring independent states. A concerted African effort to maintain peace and respect for sovereignty in the area should be backed by the United States—with military aid if necessary. Such a course on our part will be consistent with our policy direction of helping to curtail outside military intervention in African countries, and certainly in our long-range interest as well.

In the case of *the Horn of Africa*, there is potential for a geopolitical conflict that the United States so far has wisely avoided.

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In early 1977, I had an extended meeting with President Mohammed Siad Barre of Somalia during a celebration of Tanzanian party unity in Zanzibar. I came away from that meeting with the disturbing impression that it was Siad Barre's intention to lure the United States into the struggle then brewing between Ethiopia and Somalia. The conflict threatened stability in the entire region, including Kenya and Djibouti (at the time still the old French Territory of the Afars and Issas).

Certainly, the Horn is of strategic importance to the United States with regard to commercial and military routes, but even today it is difficult to discern any strategic interest in spending millions of dollars to compete with the Soviets in a battle for a thousand miles of sand. That is, U.S. interest in Somali bases would not justify involvement in the battle for the Ogaden desert region held by Ethiopia and coveted by Somalia. Nor, certainly, would the abstract notion of stopping the Soviets.

The present U.S. agreement for use of Somali port facilities at Berbera, signed more to please the Saudis than to assure real U.S. strategic interests in the region, should be the bottom line of U.S. military involvement in the Horn of Africa. We certainly don't need to contribute manpower or money to Siad Barre's irredentist pursuit of a greater Somalia against the Soviet-backed Ethiopians. Any proposed further U.S. involvement with Somalia ought to be factored against U.S. relations with Western-oriented Kenya, some of whose territory is also claimed by Somalia. In addition, the general OAU doctrine of respect for international borders inherited from the colonial powers should be a primary guideline, here as in all of Africa.

V

The 1980s began with great changes on the African continent. Zimbabwean independence was the premier achievement in the long struggle for majority rule in southern Africa, and the U.S. role in that process contributed to the success in Zimbabwe and the hopes for a similar conclusion of the drive for Namibian independence.

African resources became increasingly important to the U.S. economy. A trade deficit which approaches $40 billion annually and is derived largely from oil supplied from Nigeria, Algeria and Libya, sharply focuses a challenge to American business and U.S. government policymakers. New oil discoveries in the Ivory Coast, Congo-Brazzaville, Cameroon and Sudan add to the existing African petroleum wealth. In addition, the promise of an oil-

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exploration facility sponsored by the World Bank, and the availability of billions of dollars of private capital for the development of Africa's rich mineral and agricultural potential, bode well for the growth of economic opportunity in Africa.

The European Community is well aware of the potential resources and markets in Africa, and has already begun, through the Lomé Convention for Trade and Cooperation, to cultivate economic partners and garner influence, thus establishing linkages which will affect both European and African prosperity. The United States is starting late, but we have none of the colonial baggage to carry, and we have an existing foundation of assistance and communication through programs like the Food for Peace Program (P.L. 480), the Peace Corps, and Christian missionary schools which have trained much of African leadership, as well as a population of 25 million Americans of African heritage. If we can continue to build on this foundation as we have during the last four years, U.S.-African relations are indeed approaching a new horizon.

To keep what we have gained, however, we must avoid a return to East-West analysis of events in Africa: that would return us to the days—only four short years ago—when American influence on the continent was at its lowest. Instead, a wise policy will continue to emphasize aggressive diplomacy, based on a clear perception of African political sensibilities, and encourage an atmosphere in which the United States will be able to foster conflict resolution and capitalize on our mutual interests in a profitable economic relationship with this vast continent.

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Andrew Nagorski

EAST ASIA IN 1980

American optimism about East Asia, in precious short supply only a few years earlier, was abundantly available in 1980. "The arc from Korea through Taiwan and the Philippines, at the very center of great power rivalry for much of this century, is less subject to these strains today than at any time in well over forty years," Assistant Secretary of State Richard Holbrooke declared in June. Such pronouncements by U.S. policymakers were understandable: East Asia offered far more possibilities—for diplomatic overtures, for expanding trade—than anyone dared predict during the Vietnam era. But in 1980 enough warning signals were flashing throughout the region to suggest the need for a more balanced—and less buoyant—assessment.

The strongest warning signals emanated from both ends of Holbrooke's arc. South Korea completed a tortuous, bloody journey from the repression of the Park Chung Hee era, through an intoxicating period of post-Park liberalization, and then back to an even more severe brand of repression under its new military strongman-turned-President, Chun Doo Hwan. This retrogression represented far more than simply a setback for democracy and human rights: it threatened to lock up feelings of frustration and anger that could explode at any time. In the Philippines, Ferdinand Marcos' dictatorship continued to lose credibility with its own people and was reduced to devoting most of its efforts merely to maintaining power. A string of dramatic terrorist bombings beginning in August indicated that opposition warnings about the possibility of violence could no longer be dismissed as empty rhetoric.

For the United States, those developments have major implications. South Korea is still the most likely flashpoint in Asia for a major conflict, and it and the Philippines are the only two nations in Asia where the United States still maintains a military presence. Internal strife could threaten the future of those bases. In the Philippines, a strain of anti-Americanism has been visible

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for some time among the most militant opposition groups, some of whom have openly demanded the ouster of the U.S. Air Force from Clark and the U.S. Navy from Subic Bay. Until recently such sentiments have been missing almost entirely from the South Korean political scene. However, as Chun solidified his grip with what was perceived as Washington's backing, the first signs of anti-Americanism emerged there.

Those were not immediate threats, and it could easily be argued that it would be difficult for anti-Americanism to expand much beyond a small group of opponents of the current governments, since both countries have extensive security and trade links with the United States. But the specter of internal unrest cannot be so quickly dismissed; it raises fundamental questions about the accuracy of America's vision of East Asia as an area that, with the notable exception of Indochina itself, has achieved a remarkable degree of stability after the trauma of the Vietnam War. That vision has been shaped by the remarkable economic successes of such nations as South Korea, Taiwan and Singapore, and by the feeling that the region's entire economic potential is only beginning to be discovered. It has also been shaped by the gravitation of the United States, Japan and China toward nearly identical positions on many foreign policy issues. As an added bonus, the Association of Southeast Asian Nations (ASEAN) has proved to be a formidable ally of that "big three" in diplomatic battles with Vietnam and the Soviet Union.

U.S. policymakers could point with justifiable pride to the strengthening of those trends in 1980. The United States, Japan, China and ASEAN all lined up together on such issues as Afghanistan, the Olympic boycott, and Cambodia. Sino-American relations registered new impressive gains: two-way trade amounted to about four billion dollars in 1980, nearly double the 1979 figure, and by 1985 it is expected to be on the order of ten billion dollars. Defense Secretary Harold Brown and his Chinese counterpart Geng Biao exchanged unprecedented visits, resulting in the Carter Administration's decision to approve in principle the sale of many types of military support equipment, excluding weapons, for sale to China.

Even Indochina provided a modicum of good—or at least less tragic—news for a change. The flow of boat people from Vietnam remained at relatively low levels compared to the earlier flood, and Cambodia's agony visibly diminished. The suffering of the Cambodians was far from over, but for the first time since 1975 there were tangible signs of improvement in their lives. The huge

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international relief effort had unquestionably produced results, and human skeletons no longer stalked Cambodian villages or poured across the Thai border. But the Khmer Rouge continued their guerrilla warfare against the Vietnamese occupiers, and there was no visible sign of progress on the diplomatic front. ASEAN lobbied effectively for another United Nations vote to seat the Khmer Rouge delegation in October and called for an international conference to break the stalemate. The United States largely followed ASEAN's lead and advanced no new initiatives of its own. Relations between Hanoi and Washington remained distinctly chilly, with no sign that diplomatic ties would be established soon.

As the Reagan Administration sizes up the current East Asian scene, it should be wary of assuming that the area will not present serious problems in the future. New approaches should be explored for defusing the Indochina situation, including the possibility of finding an acceptable formula for normalizing relations with Hanoi. The question of future relations with both China and Taiwan, which surfaced in total confusion during the campaign, will require sober analysis. In evaluating how—or whether—to play a "China card" against the Soviets, a temptation that will probably be even stronger for Reagan than it was for Carter, the new Administration should carefully evaluate China's internal politics, always a key to determining the role Beijing will or will not be capable of playing in the global arena. At the same time, Reagan policymakers should take a close look at the internal situations of a variety of other friends in Asia. The natural tendency of the new Administration will be to place primary emphasis on security considerations, while abandoning the tattered remnants of Carter's human rights policy. That may prove to be a dangerous impulse if it overlooks strong currents of discontent that could produce unwelcome surprises in the future.

II

No Asian nation was as full of surprises in 1980 as South Korea. On December 12, 1979, Chun—who was then a major general—led a coup within the army that ousted martial law commander General Chung Seung Hwa and other top military leaders. Chun's group, which promptly assumed all key leadership positions within the army, represented a new breed of younger officers. Most had graduated from the Korean Military Academy in 1955, the first class to have gone through a full four-year course there. This "11th class" looked with disdain at many of the older generals whose training had been shorter. Chun and his colleagues were

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also characterized by a more nationalistic outlook than their superiors: they were visibly less in awe of the American officers stationed in South Korea. It was generally assumed that they were political hard-liners, who had been extremely loyal to President Park Chung Hee. By virtue of the fact that martial law had been declared over most of the country after Park's assassination in October 1979, they were clearly the most powerful men in the country. Thus, the sudden rush toward liberalization of South Korean politics in early 1980 stunned many observers.

A civilian government headed by President Choi Kyu Hah began the year by restoring the civil liberties of 687 of Park's old opponents. Among those freed to engage in political activities was former presidential candidate and dissident leader Kim Dae Jung, who had been kept in prison and under house arrest since 1973 when he was kidnapped by the South Korean CIA in Japan and forcibly brought back to Seoul. Kim Young Sam, who had been stripped of his title of president of the opposition New Democratic Party by Park, was given de facto recognition as Party leader once again by the government. Kim Jong Pil, the head of Park's old Democratic Republican Party, attempted to convince the public he had changed colors by identifying himself with the country's new democratic aspirations. In effect, the "three Kims" launched immediately into what everyone assumed was the beginning of a presidential campaign. The National Assembly established a bi-partisan committee to begin the work of drafting a new Constitution, with the full expectation that whatever document emerged would call for the election of a new president by a direct, popular vote.

Suddenly, with the army seemingly content to stay in the background as political activities resumed, the old rigid rules no longer applied. The press, while still strictly controlled, no longer ignored everything the opposition politicians said or did. And they said a great deal, issuing statements and making speeches calling for even more sweeping reforms and an immediate end to martial law. On university campuses, students clamored—often successfully—for the reinstatement of their colleagues, professors and administrators who had been purged during the Park era. Education Minister Kim Og Kil, the only woman in Choi's cabinet and a respected former president of Ewha Women's University, convinced her colleagues to allow the liberalization to continue. To the students, she counselled moderation—above all, that they keep their rallies and protests on the campuses to avoid confrontations in the streets.

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But the confrontations came anyway. With the economy experiencing its first negative growth in 16 years and inflation running at about 30 percent, the country's normally docile workers staged successive strikes, culminating in a coal miners' riot in Sabuk that left one policeman dead and dozens injured. The students grew increasingly suspicious of the government's professed intention to call new elections by early 1981; they wanted action faster and felt a particularly acute sense of foreboding about Chun's assumption of the post of CIA Director in April. They demanded his immediate resignation. By May, the students were pouring off the campuses by the thousands, staging massive rallies and fighting hit-and-run battles with the police.

After several days of massive protests, however, the students called off further action. A popular backlash had begun to set in, and dissident leaders like Kim Dae Jung warned that they should back off so as not to jeopardize the gains already made. "I hope students will leave politics to the politicians for the time being," Kim declared in a statement that was subsequently overlooked by the military court that later convicted him on a variety of charges—among them, that he had incited the students. Ironically, it was after the students agreed to stop their protests at least temporarily and life in Seoul had returned to normal that Chun struck back. On May 17, riot police invaded a meeting of student activists at Ewha University arresting everyone in sight; all universities and the National Assembly were closed, and martial law was extended to the whole country. Kim Dae Jung and Kim Jong Pil, along with other politicians from both the opposition and pro-Park camps, were rounded up in midnight raids, while Kim Young Sam was placed under house arrest.

In retrospect, some opposition politicians now concede that, along with the students, they had engaged in a brand of confrontation politics that precipitated that outcome. "We pushed Chun into a corner," said one member of the now defunct National Assembly, which had been set to consider bipartisan proposals for the lifting of martial law before Chun struck. However, the scope of the crackdown and the prompt circulation of lengthy charges of sedition against Kim Dae Jung and of corruption against Kim Jong Pil left no doubt that Chun had planned his action well in advance; the student demonstrations simply gave him the pretext he needed. His goal was nothing less than the removal of anyone who might stand in the way of the final consolidation of his power.

In the southwestern city of Kwangju, the capital of South

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Cholla province whose most prominent native son is Kim Dae Jung, the crackdown was particularly brutal, sparking a nine-day insurrection that left 189 dead according to the official count. (Other sources estimated the death toll to be much higher.) Commando units were sent in to disperse a relatively small demonstration on the Chonnam National University campus with rifle butts and bayonets. In the battles that followed, the students quickly picked up support from angry citizens. The civilians seized arms, commandeered military vehicles, and, after several bloody battles, the troops withdrew from the city. But not for long. The city was retaken in a well-executed assault that overwhelmed the defenders; massive arrests followed. In October, a military court sentenced five people to death and another 170 to prison terms ranging from five years to life for their part in the uprising.

With resistance crushed, Chun could proceed with the rest of his agenda: the conviction and sentencing to death of Kim Dae Jung on sedition charges by a military court-martial;[1] the creation of the Special Committee for National Security Measures, a junta headed by Chun himself; and the launching of a nationwide "purification" campaign. As part of that campaign, over 8,500 bureaucrats lost their jobs, along with about 1,200 trade unionists and hundreds of journalists. Many were purged for alleged corruption, but others—particularly in the media—were singled out for their political views. Thousands of criminals and "anti-social elements" were rounded up and sent to military reeducation camps without any pretense of due process. At times, the drive took on the moralistic fervor of the Cultural Revolution, with the proclaimed goal of wiping out "errant thought" and such decadent Western practices as playing golf. But the real aims were to produce some backing for Chun by promising a "clean society" free from the corruption of the past and to remove anyone critically disposed to his drive for power. By August, Chun took the final step of forcing Choi's resignation and arranging his own election to the presidency by Park's old rubber-stamp electoral college.

The Carter Administration viewed these developments with visible unease, but its actual handling of relations with South Korea throughout the post-Park transition achieved the dubious

[1] The charges against Kim ranged from alleged communist activity in the 1940s to involvement with an "anti-state" organization during his exile in Japan to organizing the Kwangju rebellion. Park Chung Hee, who viewed Kim as his main enemy, never attempted to pin the first two charges on him because they were patently flimsy, and the charge that Kim incited the Kwangju violence ignores the simple fact that Kim was already under arrest when the city exploded.

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distinction of appearing both ineffective and inconsistent. It was ineffective because its repeated expressions of "concern" about the drift of events were never forceful enough to do anything more than irritate Chun and his generals; there is no evidence to suggest that at any point U.S. policy slowed Chun's drive for power or eased his handling of the dissidents. It appeared inconsistent because the actions of both General John Wickham, the commander of the 40,000 U.S. troops stationed in South Korea, and U.S. Ambassador William Gleysteen appeared to many in Korea to have just the opposite effect. In early August, Wickham declared in an interview with *The Los Angeles Times* and Associated Press that the United States would support Chun as president if he came to power "legitimately." The South Korean press immediately trumpeted this as Washington's endorsement of Chun, and most observers are convinced that this prompted the military strongman to speed up his elevation to the presidency. Wickham suffered no serious consequences because of his remarks, and he was then allowed to return from a trip to the United States in time to attend, along with Gleysteen, Chun's inauguration. To most Koreans, this was a sure sign that, whatever its misgivings, the Carter Administration was willing to accept Chun and his methods.

Neither Wickham nor Gleysteen had any warm feelings for Chun. Wickham, in particular, has never forgiven Chun for his unauthorized deployment of front-line troops, technically under Wickham's United Nations command, in the December 1979 coup. But throughout this entire period, U.S. policy was to tread softly, placing more emphasis on sending warnings to the North Koreans not to take advantage of the internal crises in the South than on demonstrating serious displeasure with Chun. Gleysteen, a mild-mannered conservative by nature, also made no particular secret of the fact that he did not have a high opinion of Kim Dae Jung—something that could easily be misunderstood in the South Korean context. And in the aftermath of the May 17 crackdown, the South Korean press reported that Gleysteen had made remarks which suggested that he approved of Chun's actions. The U.S. Embassy strongly denied those reports, but Gleysteen had in fact expressed his "understanding" of the reasons for the crackdown. The press reports, while overblown, were not completely off the mark. All of this contributed to a growing feeling among the regime's opponents that they were being betrayed by the United States, and some of the dissidents expressed overtly anti-American sentiments for the first time.

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The Carter Administration's reluctance to confront Chun, graphically illustrated by Secretary of State Edmund Muskie's cautious response to the news of Kim Dae Jung's death sentence, was prompted by the belief that security precautions had to remain paramount and that any attempt to apply more overt pressure might backfire.[2] That danger may have existed, but by telegraphing its reticence to do anything more than issue expressions of concern, the Administration convinced Chun that he did not have to worry about any serious consequences if he largely ignored American feelings. This reinforced his determination to dispose of his critics by any means available.

The Reagan Administration may be tempted to abandon even the rhetoric of human rights in the case of South Korea for the same security reasons that prompted the Carter Administration to back away from its earlier more outspoken position. The idea of living with another Park Chung Hee is not likely to alarm many Republican strategists. However, such comparisons are deceptive. Contrary to the prevailing wisdom, Chun is not simply trying to duplicate the performance of his predecessor. His advisers repeatedly emphasize that he wants to avoid Park's mistakes. Ostensibly, he intends to do so by pledging to serve only a single seven-year term once he is reelected in March, limiting the powers of the presidency under the new Constitution and continuing his drive against the corruption that was institutionalized under Park. But it is now apparent that Chun believes that Park's real mistake was to tolerate too much opposition—quite a different interpretation from that of Park's critics, many of whom were imprisoned and tortured under his rule. Chun has not only ruled out direct elections for the presidency but also set up a special committee to ban "undesirables" from running for office or participating in any political activities. It promptly blacklisted 567 people for eight years, including virtually all of the country's leading politicians and dissidents. Park established a similar screening committee when he first came to power, but Chun's people feel that its standards were too lax.

Such actions may work in the short term, but they are likely to further exacerbate feelings of frustration. During the spring of 1980, when genuine democratic elections appeared to be in the

[2] Muskie's statement of September 17 said: "As is well known, we have followed the court-martial trial of Kim Dae Jung with intense interest and deep concern. In light of our past comments, we obviously have strong feelings about the extreme verdict which has been handed down. Nevertheless, since the case is subject to judicial review and since the government of the Republic of Korea is fully aware of our views, we will have no additional comment on the matter at this time."

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offing, many South Koreans took visible pride in what they saw as the country's new political maturity. Their nation had come a long way under Park economically, and at that time it seemed poised for a political takeoff. Chun has dashed those hopes for now but, unlike Park, he will not be able to compensate for political repression with dramatic improvements in living standards. With the economy suffering from negative growth in 1980, high inflation, and the loss of some of its competitive trading edge, he will be lucky to merely reverse its decline and put it back on the track of slow growth.

Will that be enough to compensate the South Koreans, a highly educated people acutely conscious of political issues, so that they accept Chun's brand of authoritarianism? No one knows the answer, but the Reagan Administration should keep a careful eye on the undercurrents of South Korean society and avoid the mistake of reinforcing Chun's most brutal tendencies. An immediate test will come early this year if all of Kim Dae Jung's appeals are rejected. The United States will have to ask itself to what extent it wants to be identified with the South Korean government's actions, or whether it should consider taking a tougher stance with an ally which could yet provide the spark for a conflict involving American troops. If, even by sheer neglect, the Reagan Administration contributes to the further polarization of South Korean society, American's long-term security interests may be jeopardized by more internal unrest in the future.

III

The Philippines did not experience the kind of dramatic developments South Korea did in 1980. Instead, the government began what looked like a steady downward slide, one that raised serious questions about how much longer President Marcos could extend his already lengthy tenure. After 15 years in power, the last eight under martial law, the Philippine leader was visibly at a loss about how to keep his mandate from shrinking further. His moods shifted abruptly: one day he would talk soothingly of political reforms and reconciliation, while the next day he would darkly warn that the country was going the way of Cambodia and that he would use whatever means necessary to crush his opponents.

At the root of Marcos' problems is the fact that he has relatively little to show for all of his years in office. The huge gap between rich and poor is as glaring as ever, massive corruption is the rule of the land, and neither a small but persistent communist insurgency nor the Muslim rebellion in the south have been eliminated.

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The economy is beset by problems: an inflation rate of over 20 percent, declining real wages, and a foreign debt approaching $12 billion. Then, too, there have been persistent rumors, although repeatedly denied by Marcos, that he is seriously ill.

All of this provided a steady supply of ammunition for a disparate but growing political opposition. Marcos' critics freely drew analogies between the Philippines and Iran under the Shah, warning that attempts by Marcos to cling to power at any cost would result in mounting violence. When those predictions were followed by a wave of bombings in Manila that left one dead and over 60 wounded, the government responded with new arrests and a refutation. "We are not going to let this country become like Iran, where the leader hesitated and wavered," said Defense Minister Juan Ponce Enrile.

The Iran analogy is indeed a tenuous one. Filipinos are overwhelmingly Catholic and very Western in outlook. Despite numerous instances of alleged torture and murder by the military and police, there is no evidence to suggest that Marcos has treated his opponents with anywhere near the systematic brutality of Iran's state security organization, SAVAK. Nonetheless, some Iranian ingredients are present. Marcos even found himself in the situation, like the Shah, of having his chief opponent attempting to stir up a crusade against him from exile abroad.

After seven years in prison, opposition leader Benigno Aquino suddenly flew to the United States in May. Ostensibly Marcos allowed the trip for the treatment of a dangerous heart condition, and Aquino had promised to return as soon as he recuperated. Aquino also vowed not to criticize the regime during his stay in the United States. Both promises were promptly ignored, which could not have been much of a surprise to Marcos. This led to speculation that the Philippine leader had decided that Aquino would be less of an embarrassment in exile than as a jailed martyr at home. But Aquino refused to quietly fade out of the headlines. In August, he declared before the Asia Society in New York: "Developments are moving so fast that I am now compelled to speak out and warn Mr. Marcos of a terrible gathering storm. Very soon the Philippines will be a witness to a new kind of warfare."

The bombing campaign that came shortly thereafter, culminating in an explosion at a convention of the American Society of Travel Agents only minutes after Marcos addressed the group and was still in the conference hall, left the government badly shaken. Marcos accused Aquino and other Filipino exiles in the United

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States of masterminding the bombings and had arrest warrants issued for 30 people, including both opposition members in the Philippines and others abroad. Aquino denied any involvement, but he left no doubt that he approved of the bombers' goals if not their means. The deep divisions within the society were also prominently put on display in Manila itself, where a variety of highly publicized military trials of alleged subversives took place. Eduardo Olaguer, a newspaper executive and Harvard Business School graduate, admitted to leading the "light-a-fire" group that engaged in arson. His justification was that Marcos had left no alternative to violence.

From the very beginning of the year, Marcos appeared to feel genuinely ambivalent about what to do about the growing challenges to his rule. In January, he held the first local elections since the imposition of martial law. That should have been a step forward, but the voting was marred by such massive vote-buying and outright rigging of the results that even former supporters of the regime denounced the exercise as a farce. In December, he claimed to be preparing for the lifting of martial law in early 1981. However, the preparations included the introduction of measures that would guarantee the extension of many of his emergency powers, such as the detention of people without trial, even after martial law is lifted. Not surprisingly, the opposition continued to denounce Marcos at every step, claiming that the lifting of martial law under those circumstances would be a virtually meaningless gesture.

The U.S. stake in the Philippines is high. Beyond the two large military bases, American investment in the country exceeds one billion dollars. Historical ties would make an overt break particularly painful. But such a possibility cannot be ruled out. When several opposition parties formed a new alliance in August, they specifically demanded the ouster of the U.S. military. The government's critics charge that Marcos had only been able to survive because of American backing.

That is certainly an overstatement, one that underestimates Marcos' own political skills. However, the United States does face a real dilemma. As in the case of South Korea, the Reagan Administration has to ask itself how closely it wants to be identified with the Marcos regime. It has to consider whether its long-term security interests are best served by overlooking the internal ferment in Philippine society and banking on Marcos' ability to stay the course. The evidence of 1980 suggests that American policymakers should begin to seriously consider the possibility of

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far different outcomes. A sudden upheaval or coup is not inconceivable, but the more likely prospect appears to be mounting pressure on the government, with the risk at any point of increasingly violent confrontations. At the same time, the result of any transition period is impossible to predict, since there is no clear-cut alternative to Marcos or any indication that he will establish the mechanism for a peaceful transfer of power to a more democratic government.

IV

This is not to suggest that all of East Asia is entering a new era of instability. The region as a whole continued to demonstrate greater economic resiliency in difficult times than most areas of the world. The spectacular growth rates of the 1970s have fallen victim to the global slowdown, but Hong Kong, Singapore, Indonesia, Malaysia and Taiwan still ended the year with healthy growth rates of well over five percent. American and other Western bankers and investors continued to exude optimism about the region's potential, and they gave high marks to many of the bureaucrats responsible for economic planning. Those planners have by and large established responsible fiscal policies and adopted flexible responses to changing world market conditions. In the more highly developed economies, new incentives were introduced to accelerate the trend from labor-intensive to capital-intensive industries.

Australia and New Zealand were still plagued with economic difficulties but, at least in Australia's case, there was some room for cautious optimism. Prime Minister Malcolm Fraser's conservative leadership brought inflation down to a respectable level of about ten percent, and new foreign investment in developing such resources as coal and natural gas have helped spur a slow but steadily improving growth rate. But the price of Fraser's inflation-fighting measures—an unemployment rate of six percent—threatened to produce an upset when the nation went to the polls in October. In the end, however, memories of the Labor Party's disastrous economic policies of the early 1970s proved stronger than disapproval of Fraser's performance and he easily won a third term, although by a somewhat reduced margin. In New Zealand, the immediate future looks bleak, with wool and timber exports hard hit by the world recession. But officials hope large new investments in energy development projects in the 1980s will finally produce an economic upturn.

Both nations are likely to remain largely preoccupied with their

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economic problems for the foreseeable future. In Australia's case, Fraser's policies are almost certain to keep unemployment at politically dangerous levels, even if they succeed in other respects. Consequently, international problems—or even Asian regional problems—are likely to receive relatively little attention. Fraser and New Zealand Prime Minister Robert Muldoon remain committed to a generally hard-line stance against Soviet actions, which is likely to prove quite compatible with the approach of the Reagan Administration. But after voting with the majority to continue seating the Khmer Rouge delegation at the United Nations in October, the Fraser government announced that it plans to drop its recognition of the Khmer Rouge at an unspecified time in the future—a clear signal that it would welcome a general shift in ASEAN's and the West's position on Cambodia.

Japan proved once again that it is the most stable society in the region. Despite a slower pace of growth, the country's economy continued to take every major challenge in stride, always developing new growth and export strategies to maintain its competitive edge. On the political front, the Japanese put their conservative instincts on dramatic display. For years, many students of Japanese politics have been charting the steady decline in the popularity of the ruling Liberal Democratic Party and predicting that the day was fast approaching when Japanese politics would undergo a fundamental transformation: the LDP, having lost absolute control of the Diet, would have to form a coalition government with other conservative parties, thus shattering its monopoly on decision-making. But in June, the Party picked up nearly 30 seats in the lower house, giving it a clean-cut majority of 284 out of 511 seats. It was the LDP's best performance in 11 years, and the prospect of a coalition government simply vanished from the horizon.

A somewhat bizarre series of events precipitated this turnaround. Prime Minister Masayoshi Ohira had done little to boost the government's dwindling popularity—and even less to end the factional infighting that plagued his own party. On May 17, a routine no-confidence motion passed the lower house when 73 LDP members aligned with rival party leaders deliberately abstained from voting. Ohira was visibly stunned: factionalism had never been carried that far. His own prospects, and the future of his party, never looked bleaker. Then, just 10 days before the nation went to the polls for the second time in less than a year, Ohira died. A leaderless party had to appeal for support. But what in any other nation might have been the final blow turned out to be

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the LDP's salvation. The only real issue in the campaign had been Ohira himself—a general sense of unhappiness about his leadership, his inability to end the internal feuds within the Party and his reluctance to take strong action against those colleagues tainted by Lockheed and other scandals. Once he died, the opposition parties found no new issue to rally around and the conservative instincts of the electorate reasserted themselves. The majority wanted continuity, if possible with more effective leadership, but the voters were quite willing to have the LDP sort out the leadership question after the elections.

In the end, the Party elders pulled another surprise by naming Zenko Suzuki, a relatively unknown Party veteran who had risen to the upper ranks under Ohira, as the next Prime Minister. A man with no strong enemies in any of the rival camps, Suzuki appointed a Cabinet that included members of all the LDP factions, thereby muting the internal discord that had threatened to weaken the Party's control. Consensus politics had regained the day, and Suzuki was quick to identify himself with the basic policies of his predecessors. He reaffirmed Japan's close ties with the United States and, despite pressure from both Washington and Beijing for increased military spending, he promised that Japan will not make any basic change in its defense policy.

Nonetheless, the LDP victory at the polls is likely to lead to a gradual beefing up of Japan's defense capabilities. A variety of factors—Afghanistan, the Soviet naval buildup in the Pacific, and the enlarged military presence on the northern islands seized from Japan at the end of World War II—have contributed to a marked increase in public support for a stronger military posture and a rejection of the older, more rigid interpretation of the limitations imposed by the postwar Constitution on defense policy. Even the Socialist Party showed signs of a softening of its opposition to Japan's security ties with the United States.

Suzuki, however, gave every indication that he will proceed with the utmost caution. The military budget, while rising in 1980 at a slightly higher rate than overall budget expenditures, remained at 0.9 percent of the GNP.[3] The accent is on augmenting air and sea capabilities with conventional weapons of a clearly defensive nature: fighter planes instead of strategic bombers,

[3] It has been an unwritten rule of postwar Japanese politics that defense expenditures should never rise beyond one percent of the GNP. Given the new mood of the country, that invisible barrier may eventually fall, but any dramatic increases in defense expenditures much beyond that level still appear extremely unlikely.

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destroyers and anti-submarine patrol planes instead of aircraft carriers. The Reagan Administration is expected to urge the Japanese to do even more—and up to a point such prodding may be effective. The result will probably be less of an increase in expenditures than what the Administration is hoping for, but enough to lessen any friction over this issue.

Trade remained a more serious source of friction in 1980 and, in all probability, will prompt new skirmishes in 1981. The major villain, as many Americans and Western Europeans saw it, was the flood of Japanese cars. But American auto-makers failed in their attempts to stem the tide by blaming the Japanese, not themselves, for their losses. In November, the U.S. International Trade Commission rejected an appeal by Ford and the United Auto Workers to impose restrictions on imports.

Such conflicts over trade will not disappear, but there were signs that they may decrease in intensity. Even before the ITC ruling, the Japanese auto surge had shown signs of slowing down. Although that trend was largely due to market forces, there was little doubt that Japanese firms had decided to cool tempers by exercising a bit of deliberate restraint. Another major sticking point in U.S.-Japanese relations, the dispute over Japan's practice of not allowing foreign firms to compete in the bidding for huge government contracts for communication equipment, may be close to resolution. The Japanese offered proposals to change that practice.

The Reagan Administration inherits U.S.-Japanese ties that are stronger, and more free of tensions, than they have been in years. That may be one of the Carter Administration's most overlooked accomplishments in Asia; it is also to a large extent the personal accomplishment of Ambassador Mike Mansfield, who has quietly and effectively used the respect he commands both in Tokyo and on Capitol Hill to take the sting out of the disputes between the two nations. Assuming that Reagan resists pressures to opt for protectionist solutions, further progress can clearly be made in strengthening bilateral ties. Japan is America's most stable and reliable ally in Asia; the new Administration should be careful not to make the mistake of Nixon and Kissinger of taking those ties for granted.

V

Some other East Asian nations could also boast of genuine political stability—or at least that they had learned to cope with

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crises better than in the past. Thailand, for one, broke with its recent history of coups and military clampdowns in February when the Prime Minister, General Kriangsak Chamanand, stepped down of his own accord after oil and electricity price hikes eroded his popular support. Rather than face a no-confidence vote in Parliament, he announced: "In order to preserve the parliamentary system of democracy and to give a chance for more capable persons to govern, I resign as Prime Minister." Such a statement is rare in any developing country, but it was in keeping with Kriangsak's style of leadership with its emphasis on the return of an elected government. His successor, army commander General Prem Tinsulandond, made no dramatic changes in policy. It was far too early to conclude that abrupt and violent changes in leadership had been consigned to Thailand's history, but that smooth transition was an encouraging sign.

The future of other American friends is far more of a question mark. South Korea and the Philippines are the most obvious examples, but not the only ones. Indonesia exhibited new internal strains during 1980 that, while far from posing an immediate threat to its stability, do raise questions about its long-term prospects. Thanks to rising oil and gas prices and skillful economic management by American-trained technocrats, President Suharto can legitimately take pride in many accomplishments: the economy has been growing at an average of 7.5 percent a year, inflation has been brought under control, agricultural production has steadily increased, and family planning and health services now extend into the villages. But as the 1980 World Bank report on Indonesia pointed out, "The dimensions of poverty in Indonesia, although declining, remain overwhelming." A highly publicized anti-corruption campaign has done little to control the graft in high places that has produced an actual widening of the already huge gap between rich and poor.

During the year, the signs of discontent multiplied. Students attempted to stage sporadic protests, and the Islamic parties walked out of Parliament to protest restrictive provisions in a bill governing the 1982 elections. In May, a group of 50 leading citizens, including several top retired generals, petitioned Parliament to censure Suharto. The President retaliated swiftly, banning press coverage of the protest, putting the signers under surveillance, and stripping the retired officers of their access to government contracts. There were no indications of any serious dissent within the active military, which dominates all aspects of Indonesian life, but the severity of the crackdown struck many observ-

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ers as a sign of the regime's own sense of insecurity.[4] Suharto seems determined to ensure that he will be awarded a fourth five-year term in office when his current term expires in 1983. He will probably succeed, for the special assembly that selects the president is heavily stacked in his favor. But the level of dissatisfaction with his authoritarian rule is definitely on the rise.

Indonesia is an example of a nation that has progressed economically but not politically in recent years. Its political rigidity probably accounts for its lack of progress on such fundamental issues as high-level corruption and the maldistribution of national income. For some reform-minded Indonesians, the determination to increase pressure on the government for liberalization has been strengthened by the negative example of South Korea. "It is wrong to believe that you can pay attention to human rights and political development only once you have economic development," says Adnan Buyung Nasution, a Jakarta lawyer active in human rights cases. "South Korea shows that we have to develop politically before it is too late."

Ironically, at a time when "human rights" considerations are far less fashionable in Washington than before, many Asians are coming to similar conclusions. They not only want and expect higher living standards, they are seeking a broader sense of political participation. At the moment, they may not be on the winning side of many battles, but they do represent a significant source of discontent. They will push their societies toward change whenever possible, and they will be closely monitoring American attitudes toward the issues that concern them. U.S. policy in the region has to take those factors into consideration. This does not necessitate actually siding with opposition forces, a dangerous course of action under any circumstances. But it does mean listening to what they have to say and making some hard decisions about the kind of support that the United States wants to offer to specific governments. Benigno Aquino reacted to Reagan's victory by advising him: "Even if you do not believe in the real morality of human rights, at least be practical. Play both ends." Sound, perhaps cynical, advice. Reagan's policymakers would do well to heed it.

VI

Throughout 1980, China emitted contradictory and somewhat disturbing signals. According to the conventional view of many

[4] That sense of insecurity was further demonstrated by the government's reaction to the Kwangju rebellion in South Korea: it ordered a news blackout about the uprising in the local press.

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China-watchers in the West, Deng Xiaoping effectively laid the groundwork for his own succession and cleared away many of the doubts about the future of his country's modernization drive by purging the remaining radicals in the Politburo, stripping Hua Guofeng of the premiership, and positioning his most trusted lieutenants in key posts. Mao's widow Jiang Qing and the other members of the Gang of Four finally emerged to face a special court and television cameras that beamed excerpts of the trial to viewers at home and abroad, achieving the dual aim of completing the disgrace of the radical leadership and ostensibly demonstrating that the country's new legal system really works. But there is another conclusion that can be drawn from these developments: justice in Deng's China is still brutally arbitrary, and there is no guarantee that new leadership and policy reversals could not once again transpose the roles of accusers and accused.

Which of those interpretations most Chinese decide on for themselves could determine the ultimate success or failure of the attempt to eliminate the roadblocks on the way to real modernization. Despite numerous signs of change, both in Beijing and even the most remote provinces, an almost palpable feeling of inertia still pervades much of daily life. It is based on an attitude, repeatedly identified and denounced in the media, that it simply does not pay to implement new policies too vigorously. The cadres of the country's gigantic bureaucracy remember all too well that those who did so in the past were the first to be purged in the next political upheaval. According to the Jiangxi provincial radio, the peasants summed up that approach by saying: "It is not the heavens that we fear, but changes in Party policies."

Deng's response to such fears was to attempt to prove that even after he dies there can be no going back to rigid Maoist doctrine. At a February meeting of the Central Committee, Wang Dongxing, Wu De, Chen Xilian and Ji Dengkui—all identified with the radical policies of the past—were dropped from the Politburo. Deng protégés Hu Yaobang and Zhao Ziyang were elevated to the elite Politburo Standing Committee; Hu was also named General Secretary of a reestablished Central Committee secretariat, giving him effective control of the party's daily affairs. Then, at a meeting of the National People's Congress in September, Zhao took over the title of Premier from Hua Guofeng, whom Mao had reportedly chosen as his successor. In December, there were also growing indications that Hua would soon lose his post of Communist Party Chairman to Hu.

Deng himself relinquished his title as Vice Premier. Along with

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the resignations of several other Party elders from top posts, this was part of an effort to make way for younger leaders. But Deng still retained his post as Deputy Chairman of the Party, and there was no doubt he was still fully in command. The National People's Congress endorsed his pragmatic economic policies, formally admitted that the targets of the 1976–1985 economic plan were unattainable and announced that an entire new plan would be devised to take its place. The delegates scrapped the crucial article of the Constitution that had guaranteed people "the right to speak out freely, air their views fully, hold great debates and write big character posters" in favor of a watered-down commitment to free speech and assembly. This formalized the regime's abandonment of the more liberal policies that had been erratically pursued in 1978 and 1979. China's fledgling dissident movement was driven further underground by new arrests of activists and the banning of their magazines.

The choice of Zhao as Premier revealed just what kind of course Deng hopes to set the country on before he disappears from the scene. As governor of Sichuan province, a post he assumed in 1975, Zhao was credited with putting the province's economy back on its feet after the chaos of the Cultural Revolution. He spurred agricultural production by raising government purchase prices and increasing the amount of land allotted to private farming. He boosted industrial production by experimenting with a degree of self-management for factories: after paying fixed taxes on profits, they could award the rest in bonuses to their workers. Deng, who told a Belgrade television interviewer in November that he wants to decrease Party meddling in production, clearly hopes to push such reforms on a nationwide basis. But there is another facet of Zhao's character that is less well known to the outside world—and is equally revealing about the direction China's current leadership intends to take. From his earliest days as an administrator of the land reform program in Guangdong province in the 1950s, he has earned a reputation as a ruthless Party *apparatchik* who does not hesitate to crush anyone who stands in his way. It was Zhao who warned China's human rights activists in late 1979, the time of the worst crackdown on dissidents, that they should not confuse "socialist democracy" with "capitalist bourgeois democracy."

For all the talk of a return to the rule of law, the evidence of 1980 suggested that justice is as political as ever in today's China—and that arbitrary punishment is far from a thing of the past. The Gang of Four and 6 associates of the late Defense Minister Lin

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Biao were charged with a long list of crimes including persecuting "to death" 34,800 people during the Cultural Revolution and plotting an armed rebellion in Shanghai and the assassination of Chairman Mao.[5] In theory, they were not on trial for their political views, but no one believed that in China. And protestations that their guilt or innocence would be determined by the court were flatly contradicted by a press campaign that had already pronounced them guilty. At the same time, the suppression of all dissent by people who had taken Deng's earlier "emancipation of the mind" campaign too literally left little doubt that the Party was dictating a new "correct line"—not that it was permitting genuinely independent views to emerge.

That basic reality of how power is used in China has not fundamentally changed. The people dictating policy have, and they have definitely expanded the boundaries of what is permissible and what is not. They realize that a rigid adherence to narrow ideological beliefs precludes the accomplishment of their modernization goals. There is little doubt, too, that most Chinese favor those goals. But Deng's methods of implementing his policies leave a host of unanswered questions. Will China's bureaucrats shed their customary caution and stop their instinctive obstructionist tactics whenever new ideas are introduced? Approximately half of the nation's 38 million Communist Party members were admitted to the Party after the Cultural Revolution began; how will they feel about the punishment meted out to the Gang of Four and the likelihood, already mentioned in public by some officials, that more radicals will be put on trial later and that a new series of purges of Party members will be carried out at all levels? Finally, what if the unthinkable happens: the modernization drive, for whatever reasons, ends in failure and living standards are not significantly improved?

At the Beijing Teacher's College in June, this visitor asked a group of students whether the failure of the modernization drive could set the stage for another Cultural Revolution. At first, several students vehemently rejected that possibility, claiming that people would no longer follow radical demagogues blindly since they now understood what price they paid before. Then, one student in her late twenties spoke up: "That may be true of our generation, but what about the younger people who don't remember the Cultural Revolution? Who is to say they won't be misled

[5] Jiang Qing and the other Gang members were not accused of complicity in the assassination plot against Mao, which was allegedly the work of Lin Biao and his associates.

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again?" Others nodded their heads in agreement, with one young man adding that if the modernization drive failed to produce results young people would lose their faith in government and could be vulnerable to precisely such appeals.

That is not to say that China will change course once again—or even that it is likely to. But any realistic assessment of China today has to take into consideration those possibilities, however remote, and not underestimate the dimensions of the problems the country is struggling with.

VII

Western and Japanese businessmen are probably more aware of those problems than anyone else. In 1980 many deals hit new snags, while others—like a $250 million foreign trade center that was to be designed by American firms—fell through altogether. China's planners were still busy sorting out their priorities and determining just how much they could spend on what projects, only adding further to the frustrations of foreign businessmen seeking definitive answers. But the travails of the China traders did not dissuade most of them from their efforts. Nor should they. Although China's economic "reassessment" has already meant that some of the more grandiose schemes have been scrapped, the leadership fully intends to push new programs that will require increasingly heavy doses of foreign technology, capital and management skills. It is in the West's and Japan's interests to provide all of those necessary ingredients. These are not only good business opportunities; they provide a chance to buttress the positive forces at work in China today.

It would be wrong to exaggerate the impact that outsiders will have on determining China's fate. The success or failure of the modernization drive will ultimately depend on internal factors, particularly political developments. But outsiders can help by seeking to expand areas of cooperation further; conversely, they can play a destructive role if they undercut the position of those leaders trying to ensure that the country never returns to its xenophobic isolation of the 1960s. This applies to both trade and foreign policy.

During the U.S. presidential campaign, Mr. Reagan's handling of the Taiwan issue betrayed a singular insensitivity to those dangers. His repeated pledges to upgrade U.S. ties with Taiwan to an "official" level appeared to threaten to undercut the fundamental tenets of the U.S.-China relationship. For Beijing, this is a matter of national sovereignty, and no government can afford

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to be seen as compromising on such essential principles. Even after Reagan backed away from his calls for "official" ties with Taiwan after running mate George Bush's cool reception in Beijing, China felt compelled repeatedly to warn the United States that any change in the nature of its relations with Taipei would have grave consequences. It also objected loudly when the Carter Administration worked out an agreement with Taiwan to give its "unofficial" representatives in Taipei and Taiwan's representatives in Washington the equivalent of diplomatic immunity, and it repeated earlier protests against arms sales to Taiwan.

The angry tenor of those protests was in marked contrast to the tone earlier in the year when Beijing's primary emphasis had been on its "peace overtures" to Taiwan. Beijing and Taipei still held irreconcilable positions, and Taiwan rejected all of China's offers of postal, communication and trade links as a trick designed to strip it of its sovereignty, but tensions had visibly decreased across the Taiwan Straits. Indirect trade between Taiwan and China through Hong Kong, although miniscule compared to Taiwan's overall trade, jumped dramatically in 1980. There were increased person-to-person contacts between people from Taiwan and China in third countries. And given Beijing's more tolerant attitude and the U.S. example, which demonstrated that strong relations could be simultaneously maintained with both governments, several other nations upgraded their own "unofficial" ties with Taipei. So long as Beijing was confident that the United States and others were not seeking to dispute Taiwan's fundamental status, it was willing to assume a more flexible posture than in the past.

Under the Taiwan Relations Act, the President does have a good deal of discretion on how ties with Taiwan are handled, provided they are no longer "governmental" in name. For fear of offending Beijing, the Carter Administration did sometimes impose stricter restrictions on contacts between U.S. and Taiwan officials than really necessary, and Reagan could certainly improve upon that performance by quietly doing away with some of those restrictions. But the key word is "quietly." If Reagan is seen as once again trying to transform the nature of ties with Taiwan, Beijing will be forced into an increasingly hostile position. It will be up to Reagan to convince Beijing he is not doing so, thus gradually swinging the spotlight away from that issue. Only then will he be able to make the kinds of adjustments he wants in U.S. ties with Taiwan without risking consequences that could prove detrimental to the interests of all parties involved.

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VIII

In Southeast Asia, the sense of constant crisis that characterized 1979 gave way to a gradual lessening of tensions in 1980. There were notable—and alarming—exceptions to this trend. In June, Vietnamese troops staged cross-border raids designed to punish the Thais for repatriating Cambodian refugees. Hanoi claimed that the repatriated Khmer were in reality Pol Pot supporters returning to join military units. But, on balance, the year's developments contained far less conflict and tragedy than before.

The most striking evidence of that fact was the dwindling number of refugees in Southeast Asian nations. Approximately 5,000 to 10,000 Vietnamese boat people continued to arrive on Southeast Asian shores each month, but the United States' and other nations' refugee programs were large enough to still produce a steady decline in the population of the boat-people camps, alleviating tensions in countries like Malaysia that had only reluctantly agreed to provide the refugees with temporary shelter. In December, the first large groups of Vietnamese to leave under a long-delayed "orderly departure" program—worked out by Washington, Hanoi, and the U. N. High Commissioner for Refugees—flew out of Ho Chi Minh City to begin their journey to the United States. The numbers of people involved in this program are still relatively small and it will not prevent others from trying to leave illegally. But this represents the first significant progress in the negotiations that began when the boat-people problem was at its height.

Within Cambodia itself and along its border with Thailand, a similar transformation was taking place. UNICEF and the International Red Cross pronounced the Cambodian crisis over in November and indicated that they were preparing to leave the food distribution program on the Thai-Cambodian border to other agencies. This sparked a bitter debate between relief officials, many of whom disputed that optimistic assessment. But there was no doubt that, thanks largely to the relief effort, the situation had improved and the threat of a new famine had visibly receded. As a result, the number of refugees along the border was reduced to about 220,000, most of whom lived in camps that were finally providing adequate food and services. The year before, the floating refugee population along the border had reached about 500,000.

But Cambodia was still not at peace. The Khmer Rouge guerrillas regrouped early in the year and then, with the help of the Chinese resupply effort through Thailand, emerged well fed

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and well armed. Led by Pol Pot, who still retained his post as Commander in Chief of the armed forces despite his earlier loss of the premiership to Khieu Samphan, they staged raids both along the border and deep inside the country. Such warfare, while not effective enough to have any chance of actually driving the Vietnamese out, hampered the nation's painstakingly slow return to a more normal existence.

On the surface, there was no sign of movement to break the diplomatic stalemate and thereby end the fighting. Hanoi was as intransigent as ever, offering no concessions in the face of international condemnations of its occupation. China continued to offer the Khmer Rouge both diplomatic and military support on the theory that their resistance would bleed the Vietnamese—and, by extension, their Soviet backers. ASEAN, for its part, disclaimed any military support for the Khmer Rouge but remained adamant about diplomatic support to avoid anything that smacked of acceptance of the Vietnamese-installed Heng Samrin regime. But the situation was not quite as frozen as it appeared. ASEAN is by no means of one mind about the entire Indochina-China equation, and if it makes any shift in its position other nations are almost certain to follow.

Indonesia and Malaysia, while publicly supporting ASEAN's formal position that all Vietnamese troops must be withdrawn from Cambodia and that a neutral government must replace the Heng Samrin regime, are privately inclined to take a more conciliatory approach toward Hanoi—and they are more willing to concede that those policy goals are almost certainly unattainable. This softer stance stems, in part, from their tendency to take an equally suspicious view of China as its neighbors do of Vietnam. And even Thailand and Singapore, the two ASEAN nations which have taken the lead in formulating the Association's position on Cambodia, felt compelled late in the year to speak of the need for new strategies if the pressure is to be maintained on Hanoi. Their proposed solution is to recast the structure of "Democratic Kampuchea" to include a broad coalition of resistance groups. By submerging the present Khmer Rouge leadership in such a coalition, or even ousting some of the figures most prominently associated with the wholesale massacres of the Cambodian people, they hope to retain the support of other nations which have grown increasingly uncomfortable with the notion of backing the Khmer Rouge.

There are several problems with this approach. First of all, the most prominent non-Khmer Rouge opponents of the Vietnamese

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occupation, Prince Sihanouk and Son Sann, have repeatedly indicated that they have no interest in allying themselves with the Khmer Rouge, who would still be at the core of any restructured leadership. Secondly, as Chinese leaders reportedly indicated to Singapore's Lee Kuan Yew and Thailand's Prem on their visits to Beijing in the autumn, there is a danger that if the top Khmer Rouge leaders are ousted from their posts to make way for more palatable alternatives, the resistance effort, which is almost entirely conducted by the Khmer Rouge, could collapse altogether. Thus, at year's end the prospects for a successful change of that nature looked extremely dim.

The apparent failure of ASEAN to devise a workable alternative to its current policy leaves the United States with the choice of either continuing its diplomatic support for the Khmer Rouge or exploring the possibility of launching new initiatives of its own. The first course is the safest in the short term; it avoids any break with either China or ASEAN over this issue. But the long-term costs are far from negligible: it leaves the United States in the position of helping to perpetuate the current stalemate, which always has the potential of sparking new conflicts in the future. And what is gained by holding out for demands that no one, not even the Chinese, expect to be met? What is gained by offering indirect support for more guerrilla attacks that cannot alter the fundamental political realities but only guarantee more suffering?

The Reagan Administration should ponder those questions, even if the answers go against its likely instinct to take an uncompromising stance on this issue. The alternative it should consider is to find a way to bring peace to Cambodia and simultaneously bring to an end the years of enmity with Vietnam. The most the United States and other nations can realistically hope for anytime soon is a partial Vietnamese troop withdrawal, particularly from the volatile Thai border, and the broadening of the existing government in Phnom Penh to include "neutral" Khmers. No one should have any illusions that this would remove Cambodia from Hanoi's sphere of influence, something that is simply not in the cards, but it could offer a more acceptable alternative to the status quo.

There is no guarantee that Hanoi would agree to make even such admittedly modest concessions. But the Reagan Administration could attempt to persuade ASEAN to go along with a package deal, in return for those concessions, with some powerful incentives. Its possible ingredients: an end to U.S. and ASEAN recognition of the Khmer Rouge, assurances that efforts will be made to cut

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off supplies to their guerrilla forces coming from Thailand, an international aid effort for all of Indochina, and normalization of relations between Washington and Hanoi. For Vietnam, that final element could be the most attractive. Despite its frequent vitriolic denunciations of the United States, Hanoi has left no doubt that it wants diplomatic ties with Washington.

China would find nothing attractive in such a new initiative from Washington. But there is no reason why the United States should write off Indochina altogether, keeping Vietnam isolated and totally dependent on the Soviet Union—even if that, in essence, is the advice it is getting from Beijing. If Washington did negotiate such a settlement successfully, it would undoubtedly bring along most of its allies, who would welcome an end to the annual exercise at the United Nations, where they feel compelled to line up behind the barbaric Khmer Rouge. China, too, would almost certainly feel compelled to drop its support for such a clearly lost cause. This is perhaps an improbable scenario for a Reagan Administration, but it does not have to be. After all, it would be no more improbable for a Republican Administration to seek a dialogue with Hanoi in the 1980s than it was for an earlier predecessor to seek a dialogue with Beijing in the 1970s.

IX

The battle over Indochina can either be seen as essentially regional in nature, a revival of the traditional struggle between China and Vietnam for power and influence in the area, or as an extension of a global Soviet expansionist drive. The Chinese clearly prefer the latter explanation, viewing Vietnam as "the Cuba of the East." But even the ASEAN states, which share many of China's perceptions of the Soviet Union as a bully on the world stage, tend to see this as an oversimplification. The Soviets provided the Vietnamese with the wherewithal to carry out their invasion and occupation of Cambodia, but Hanoi hardly needed any prodding from Moscow to see a Chinese-backed government in Phnom Penh as a direct threat—and also as a convenient excuse for fulfilling an age-old imperialistic dream. And many observers are convinced that the Vietnamese want to eventually decrease their dependence on the Soviet Union. Singapore's Foreign Minister Suppiah Dhanabalan said recently of the Soviets: "They must have their own reservations about Vietnamese faithfulness, and it must be clear that the Vietnamese probably have a White Paper of Soviet perfidy to use anytime they want."

Given Hanoi's massive economic problems and its heavy de-

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ployment of troops in both Cambodia and Laos, it can hardly afford to take such a drastic step anytime soon. But even the hint that at some point in the future Soviet influence in Indochina could be curtailed raises a fundamental question: have the Kremlin's policies in East Asia been worth the price? In theory, the Soviets have gained a foothold in Indochina and a vastly expanded naval presence in the area with access to Vietnamese ports. But both of those developments are of questionable value. Their role in the Cambodian takeover, and their even more blatant use of force in Afghanistan, have given Moscow a zero credibility rating throughout non-communist East Asia, leaving almost no opportunities for extending any Soviet influence in the area. Whatever misgivings some nations have about China's role as a regional power pale in comparison to their apprehensions about Soviet global might.

The self-defeating nature of Soviet policy in the area is particularly visible in the case of Japan. While Moscow has repeatedly denounced the Japanese for their rapid expansion of ties with Beijing and issued shrill warnings about the dangers of Japan abandoning its reservations about improving its military forces, the Soviet naval buildup in the Pacific has provided ready ammunition for Japanese proponents of both those trends. According to some estimates, the Soviets have added more than 270,000 tons of shipping in the last three years alone—an addition that is larger than the entire Japanese fleet. Approximately two-thirds of the Soviet Pacific fleet, Japanese defense officials contend, are combat vessels. Given that kind of evidence just off their shores, the Japanese have had no hesitation about supporting U.S.-orchestrated diplomatic retaliation over Afghanistan, and Soviet-Japanese commercial ties have remained largely stagnant.

Soviet policies have thus provided the main impetus for the increasingly close cooperation among the United States, China and Japan. The benefits of such cooperation are visible not only in the unified response to Soviet actions but also in the efforts to lower tensions in trouble spots like the Korean peninsula where all three nations have a vital interest in preserving the peace. A concrete example of that was provided during Hua Guofeng's visit to Tokyo in May at the time of the Kwangju uprising in South Korea. Hua told his hosts that North Korea "will never embark on a military intervention in the South"—a clear signal that Beijing was counseling restraint to its North Korean ally.

But such demonstrations should not obscure the fact that China's continuing preoccupation with its internal problems will

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undoubtedly limit its influence on global politics, and the United States should avoid setting unrealistic goals for its China policy. It should also clearly recognize that even in situations where the two nations share a common general goal, their interests are not always identical. The Korean peninsula is once again a case in point. Washington and Beijing are committed to the defense of unpredictable allies on opposite sides of the 38th parallel and, therefore, their room for cooperation is inherently limited. China will attempt to prevent North Korea from taking any rash action during a crisis, but Kim Il Sung knows that he has a card that he can always play against the Chinese if he feels they are not being supportive enough: he can threaten to abandon his current tilt toward Beijing and move closer to Moscow. Chinese officials are acutely aware of that leverage; throughout 1980, they continued to faithfully support North Korean denunciations of the South as the North-South talks between the two Koreas ground to a virtual halt and chances for any diplomatic breakthrough all but disappeared.

In Indochina, too, there is not just the question of a possible difference of approach to the Cambodian situation but also the larger danger of a renewed conflict between China and Vietnam. Although there was no evidence in 1980 that the Chinese were preparing to administer a "second lesson" to Vietnam, tensions remained high, with each side accusing the other of repeated border violations. When China invaded Vietnam in February 1979, old fears about China's attitude toward its neighbors surfaced even in nations that had been in the forefront of the effort to apply retaliatory pressure on Vietnam because of its Cambodian takeover. The United States has to carefully avoid an overidentification with China that might bring with it the automatic assumption that any Chinese action, however questionable, has Washington's support.

It is those kinds of considerations that should be included in any debate, almost certain to take place among policymakers within the Reagan Administration, about how far the United States should go in developing security ties with China. The Carter Administration's decision to allow the sale to China of such items as portable air defense radar systems, transport aircraft, and helicopters and communications gear with definite military applications was not followed by a rush of orders; in fact, no sales were actually completed in 1980. But the Chinese did begin negotiations with dozens of U.S. manufacturers for possible purchases of the approved items, and contacts between the two

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nations' defense and intelligence establishments have rapidly expanded.

There is no reason to reverse the decisions made so far, since it can hardly be argued that they have either compromised U.S. interests or had any effect on China's military capabilities. But the Reagan Administration should carefully deliberate before taking any further steps—particularly approving actual weapons sales to China. This is not a matter of maintaining an "even-handed" policy in its dealings with Beijing and Moscow; there is no reason why the United States should refrain from expanding areas of cooperation with China that are clearly in both countries' interests merely because the Kremlin is pursuing policies that make U.S.-Soviet cooperation increasingly difficult. Rather, it is a question of measuring what can be accomplished by adopting such policies—and what are the dangers.

Presumably, the primary motivation for selling weapons to China would be to attempt to make Beijing into a more effective counterweight to Soviet power. But that is hardly a realistic hope. Unless the United States were willing to underwrite on a massive scale a modernization program for China's antiquated military machine, a prospect that should not be seriously entertained, the fundamental imbalance of power between the two communist powers will remain intact. And the dangers? Aside from the instances mentioned earlier in which U.S. and Chinese interests are far from identical, there are other hypothetical conflicts that could arise—for instance, over Taiwan. The sale of U.S. weapons to China, while not significant enough to alter the Sino-Soviet equation, could have an impact on China's capability to mount an attack on Taiwan. Admittedly, such an invasion can only be envisioned in an absolute worst-case scenario, but U.S. policymakers cannot afford to overlook that possibility altogether. The United States and China have found much common ground in recent years, and the Reagan Administration should certainly seek new cooperative ventures whenever and wherever it serves U.S. interests. But, those interests have to be defined by American policymakers themselves.

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Daniel Yankelovich
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ASSERTIVE AMERICA

Between Jimmy Carter's election in 1976 and Ronald Reagan's victory in 1980, the outlook of the American people underwent one of those decisive shifts that historians generally label as watershed events. In 1976 the nation was still in the aftershock of Watergate and Vietnam—unsure of its limits as a superpower, agonizing over the moral rightness of the Vietnam War, dreading involvement in foreign commitments that in any way resembled Vietnam, preoccupied with domestic economic problems, intent on restoring the presidency to pre-Watergate levels of integrity, and dependent on détente with the Soviet Union to lighten both the defense budget and the tensions of international relations.

By the end of 1980, a series of events had shaken us out of our soul-searching and into a new, outward-looking state of mind. The public had grown skeptical of détente and distressed by American impotence in countering the December 1979 Soviet invasion of Afghanistan. It felt bullied by OPEC, humiliated by the Ayatollah Khomeini, tricked by Castro, out-traded by Japan and out-gunned by the Russians. By the time of the 1980 presidential election, fearing that America was losing control over its foreign affairs, voters were more than ready to exorcise the ghost of Vietnam and replace it with a new posture of American assertiveness.

Americans have become surprisingly explicit about how the United States should seek to regain control of its destiny, and in the context of the disquieting realities of the 1980s, these ideas create a new, different and complex foreign policy mandate for the Reagan presidency. The national pride has been deeply wounded; Americans are fiercely determined to restore our honor and respect abroad. This outlook makes it easy for the Reagan Administration to win support for bold, assertive initiatives, but much more difficult to shape a consensus behind policies that involve compromise, subtlety, patience, restrained gestures, prior

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consultation with allies, and the deft geopolitical maneuvering that is required when one is no longer the world's preeminent locus of military and economic power.

In looking at the implications of the new public outlook for foreign policy, we shall first examine how the events of 1980 transformed the public psychology. We shall then turn to an analysis of the public mandate given to President Reagan, noting its contrasts with the Carter mandate, and indicating where the current mandate encourages new foreign policy initiatives and where it hinders actions the Administration might wish to take.

II

Some elements of the change in American attitudes toward foreign affairs have been brewing for several years, but 1980 brought many reinforcing developments, all of which delivered related messages about American strength and weakness, honor, eminence and standing among nations. Some of these struck the American public with astonishing force.

Although hostages were seized in Tehran in late 1979, a 1980 overview of public reaction to American foreign affairs can be said to begin with Iran and the 52 American officials held there throughout the year. This sustained episode of national anguish, humiliation and outrage focused public attention simultaneously on the complexities of Middle Eastern politics, the ease with which Iranian militants could seize the American Embassy and its occupants, and the inability of the American government to take effective measures to secure their release. While public opinion polls taken at various times after the Embassy seizure showed no lasting consensus in support of any particular military, diplomatic or other measures, a decisive 65 percent of the public agreed that the taking of American hostages and the U.S. government's handling of the situation had "decreased U.S. prestige abroad."[1] And, an even larger 80 percent majority agreed that the Iranian situation had brought the American people together and helped unify the nation.[2]

While events in Tehran were still being digested, Afghanistan provided a new focus for public attention. President Carter confessed astonishment at the boldness of Russian aggression, and the nation watched as Soviet tanks maneuvered in the streets of Kabul. Although the President was criticized for exaggeration in

[1] *Time*/Yankelovich, Skelly and White, May 14, 1980.
[2] *Ibid.*, December 12, 1979.

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some quarters, his charge that the Soviet invasion constituted the "greatest single threat to world peace since World War II" struck a responsive chord with the American public. For the public, if not for diplomats, the invasion confirmed fears that had been growing for years, fears that the Soviets were taking ever more advantage of American weakness to strengthen their position in the Middle East. Surveys taken in the aftermath of the invasion showed 50 percent of the American people concluding that "the Russians feel they now have military superiority over the United States and can get away" with such a move. And a 78 percent majority maintained that, unthwarted by American strength, the Soviets were motivated by an opportunity to gain "more influence over the oil-producing countries of the Middle East."[3]

Afghanistan represents a special type of public reaction to a foreign event. Rather than just a sudden, quickly dissipated burst of outrage, pubiic opinion following the invasion displayed a coalescence of anxieties about Soviet belligerence that had long been present, and crystallized into a suddenly "tougher" view of how to respond. The nation was ready, as it had not been for many years, to "pull together and do what must be done" to reassert American military and diplomatic credibility. The President's words were a rallying cry for this new resolve, but disappointment quickly followed. Military measures, either by the United States or its NATO allies, were ruled out, and most of the diplomatic and economic sanctions imposed on the Soviets seemed either mild or counterproductive. A boycott of the Moscow Summer Olympics and the explosion of pride at the victories of the U.S. hockey team in the February Winter Olympics at Lake Placid were an unsatisfying surrogate for an effective countermove to military aggression. The frustration was enormous, yet it neither exploded nor dissipated; many months later it found expression in the presidential campaign.

Other events erupted on a scale somewhat smaller than the gnawing hostage situation in Iran or the menace of an unchecked Soviet invasion, but sufficient to remind the public that a weak American foreign stance was humiliating, and perhaps dangerous.

Following close on the invasion of Afghanistan was what might have been a routine vote in the United Nations. When a resolution calling on Israel to dismantle its settlements in the West Bank came to the Security Council, in early March, the United States cast its vote in favor of the resolution. The uproar was immediate;

[3] ABC/Harris, January 22, 1980.

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in most previous votes of a similar nature, the United States had either supported the Israeli position or abstained from voting. And when President Carter repudiated the vote two days later, and he and Ambassador Donald McHenry offered the explanation of a mistake in communication, the barrage of criticism came not only from Israel and its American supporters, but from Egypt's President Anwar Sadat and much of the diplomatic community as well. Asked for their opinion on the episode, a 64 percent majority of the American public felt that the real "mistake" had been the President's management of the vote and its aftermath. Only by a narrow 42 to 38 percent margin did Americans feel that the President was telling the truth when he said he did not know that the United States would vote in support of the Arab bloc resolution.[4]

Fidel Castro's Cuba emerged at least twice during the year, each time to pose vexing questions about American resolve. For several months after intelligence revealed its presence in August 1979, a Soviet combat brigade in Cuba had been a non-issue that still would not go away; then, in May 1980, the arrival of thousands of Cuban refugees in a "freedom flotilla" became a burning issue. In the first instance the American public was led to wonder whether the nation still had the "clout" that had successfully removed the Soviet missiles from Cuba in the 1962 Cuban missile crisis. Intelligence photographs and official pronouncements about the limited significance of the force did little to allay public concern that the Soviets were having their way with little regard for any U.S. response.

Initially, the springtime arrival of nearly 100,000 Cuban refugees in a chaotic scramble of small boats evoked a sympathetic humanitarian response. But, on balance, the episode left a negative impression on the public. Juxtaposed as it was with growing American concern about domestic unemployment and rekindled suspicion of the Soviet Union, the immigration wave aroused what Louis Harris called "a pervading sense that the United States was tricked by the Castro regime." In an ABC/Harris poll, a 62 percent majority felt that "Castro made us look foolish" by forcing the United States to accept not only large numbers of refugees at an inopportune time, but large numbers of Cuban "undesirables" as well. An even larger 75 percent majority agreed that it was wrong to admit so many Cuban refugees "when we are

[4] ABC/Harris, March 24, 1980.

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having real economic troubles at home and unemployment is on the rise."[5]

More distressing than the knife-twisting which Castro has learned to administer so skillfully to the United States were the tragic, symbolic catastrophes that befell the American military, first in the aborted raid in April to rescue the hostages in Iran, and then in the disintegration of a nuclear-armed missile in its silo in September, the result of a fuel explosion. The first episode, bound up painfully with the anguish of the hostages themselves, reopened serious concern about the readiness of U.S. military forces and the effectiveness of our policy planning. Still shocked over the failure of the rescue mission, Americans were treated to the additional unnerving spectacle of a respected Secretary of State, Cyrus R. Vance, resigning in disagreement with the President. And, in the aftermath of the explosion at the missile site in rural Arkansas, controversy flared once again over the reliability and possible disrepair of America's strategic military establishment.

Over and above these military and diplomatic setbacks came an endless variety of economic bad news confirming changes for the worse in America's standing in world affairs. Serious trade imbalances, rising unemployment, inflation, recurrent slippage in the value of the dollar, and the eroded position of U.S. industries in the face of foreign competition sounded ominous notes all year. Increasingly, domestic economic problems were tied to international developments and, recognizing the difference between business cycles and systemic economic trouble, a 68 percent majority of the American people concluded that the U.S. economy was in "a real crisis," as opposed to the 32 percent who felt we were encountering only cyclical "minor problems."[6]

III

What, in the context of a presidential election year, did this stream of unsettling news mean to the American people? What were the cumulative effects of these and other events, and how did they reverberate through the body politic on election day?

In the public eye, American travails in the world arena are part of a pervasive concern about what might be labelled "loss of control." Anxiety over loss of control was an evident theme in a

[5] ABC/Harris, May 24, 1980.

[6] Penn and Schoen for the Garth Report to the New York Stock Exchange, quoted in *Public Opinion*, June 1980, p. 30.

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wide variety of issues in 1980, both domestic and international. With uncertainty and apprehension, Americans anxiously groped for a vehicle to regain control.

Of the many forms of loss of control, none has more serious foreign policy implications than the concern that the nation has grown "weaker." Although not confined to a military definition, the perception of a strategically weaker America has recently grown to majority proportions after a trend of rising concern for several years. In mid-1980, a 53 percent majority agreed that "we are behind the Soviet Union in terms of military strength." Only a year earlier, citizens seriously concerned about relative U.S. military weakness were in the minority (38 percent).[7] Uncertainty about national security brought foreign affairs into new focus. As the year began, a 42 percent plurality of Americans named foreign policy as "the most important problem facing the country today"—ahead of the economy and substantially ahead of energy concerns. Not since 1972 had foreign affairs been so prominent; just seven months earlier in 1979, before the hostage seizure and the Soviet move into Afghanistan, foreign affairs had been named by only three percent as the nation's most important concern.[8]

A perceived inability to "control" our foreign policy posture, as evidenced in the hostage affair and the Afghanistan impasse, left the nation frustrated and angry. The perception that America's concern for human rights had permitted us to be tricked, "used" and inundated by Cuban refugees was particularly galling. Even American potency in the world marketplace was regarded with apprehension. As an example, the perception that Japan and other countries had set up trade barriers to the disadvantage of U.S. products was held by over a 60 percent majority of the public in 1980.[9]

Concerns over loss of control not only had their impact on matters of foreign policy, but were pervasive in the daily lives of Americans. Each year more Americans are growing worried about their inability to save for the future (57 percent in a recent study),[10] and majorities are now expressing serious concern about paying the rent or upkeep on their homes. This sense of control slipping from the grasp of even the most responsible citizens is underscored by the fact that while 50 percent of American families

[7] YSW Survey, 1980.
[8] CBS/*New York Times*, January 9, 1980.
[9] YSW Survey, 1980.
[10] *Time*/Yankelovich, Skelly and White, May 1980.

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could afford to buy a median-priced home in 1970, only 20 percent could do so in 1980.[11]

Beyond household economics, the growing impact of taxes, invasions of privacy, and changing social morality all raise images of things gone "out of control." The fusing of political conservatism with religious fundamentalism reflects a deep distress among Americans that the nation's family life, sexual morality, and social norms are as out of control as our foreign policy or our inflation-riddled economy. Sociologist Richard Sennett has described movements such as the Moral Majority as representing people who "feel dislocated in America now, who fear the society they were brought up to believe in is disappearing or has disappeared."[12]

Buffeted by concerns about personal and national economics and alarmed by international tensions, Americans who feel that the country is "in deep and serious trouble" reached an unprecedented 84 percent in 1980.[13]

IV

At the end of 1980, the American public's outlook had crystallized into a form that was troubled, aggressive, tough and resentful. For good or bad, the Soviet Union could take much of the "credit" for the change. Soviet leaders planning for the move into Afghanistan—relying on the calculus of raw power—probably did not give much weight to the opinions of the American public. Their calculation was based at least partly on the judgment that, in relationship to the United States, they had little to lose. They feared no great punishment, since they knew that the United States was severely limited in the pressures it could mount against them; conversely, they saw little to gain from restraint since they had already been denied crucial trade preferences, large-scale American technological assistance, or the likelihood of the Senate ratifying the SALT II arms limitation agreement.

After the Soviet incursion it became U.S. policy to convince the Soviets that they would have to pay dearly for their aggressiveness, so dearly that the penalty would be greater than the reward. But to date, the Soviets have suffered only the most minor inconvenience. Western Europe's relationship of détente with the Soviets

[11] *National Tax Shelter Digest*, quoted in *The New York Times*, January 1, 1980.
[12] "Power to the People," *The New York Review of Books*, September 25, 1980; for a fuller discussion of this theme, see Daniel Yankelovich, *New Rules: Searching for Self-Fulfillment in a World Turned Upside Down*, New York: Random House, forthcoming, Spring 1981.
[13] *Time*/Yankelovich, Skelly and White, March 1980.

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has, for example, hardly been ruffled. In fact, as our relatively small trade has declined, Western Europe's much larger dealings have increased. But from a longer term perspective, history may show that by arousing the enmity and resentment of the American people in a manner that will not soon subside, the Russians paid a steeper price than they may have realized.

The skeptic may ask, "So what? What difference does the mood of a volatile public make? The public does not make foreign policy. Anyway, its opinions are not really its own; they are manipulated by the press or influential elites." For several reasons, this viewpoint—the conventional wisdom in some U.S. foreign policy circles as well as abroad—is a profound misreading of American political realities. On matters of foreign policy the public outlook is not at all volatile. In the post-World War II period it has enjoyed an orderliness, an inner logic and a grounding in principle that has been, if anything, more stable and consistent than American policy itself.

It is true that the opinions of the public do not arise spontaneously. The press and national leadership exercise a great influence on the public, but their voices are diverse, and often the public's response to events is not the same as the leadership's. On Iran, for example, the public was far more aggressive and oriented toward risky action than most press or leadership commentators.

In the conduct of foreign policy a President draws upon several great forces: America's military strength, its economic vitality, its geopolitical resources, and its public mandate. All are important, but the public mandate—the most intangible factor—may also be the most potent, as our policymakers discovered during the Vietnam War. Public opinion largely shapes the context within which policymakers work. There is wide latitude for discretion in policymaking because in a representative democracy the public mostly judges by results rather than insisting on specific policies and actions. Given considerable room for maneuver, a determined President can always oppose the public mandate, or else proceed by secrecy, stealth and indirection—though the latter is more difficult now than in the past.

About any public mandate, it is useful to ask two questions: how restrictive is it, and what kinds of actions does it encourage or inhibit? In an earlier article in *Foreign Affairs*, we argued that in recent years public mandates for the presidential conduct of foreign policy have grown more restrictive. In the pre-Vietnam period, the public assumed that a President had access to information available to no one else, and thus the President "knew

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best."[14] Since Vietnam, however, there has been a notable shrinkage in the automatic support a President receives in foreign affairs. The poor marks given President Carter's foreign policy make it unlikely that his Administration succeeded in restoring any of the former aura of prestige and blind trust for the presidential conduct of foreign affairs. The Reagan Administration will, therefore, have to learn to live with the new kind of post-Vietnam public mandate—skeptical, opinionated, critical, impatient, giving careful scrutiny to all initiatives, and quick to conclude that while the President may mean well he may not know what he is doing.

In this respect, the Reagan mandate is similar to that which brought Mr. Carter into office. But in all other respects the Reagan mandate—the pattern of actions encouraged or inhibited—is strikingly different from Mr. Carter's. Mr. Carter was elected in a spasm of post-Watergate, post-Vietnam anguish: it was an essential part of his job to restore to the presidency its ability to symbolize America's moral worth (as it had been Mr. Ford's before him). Carter's 1976 campaign promise to form a government "as good as the American people" held a profound appeal for the voters by reassuring them of their own high moral standards.

The Carter Administration, for all its other limitations, succeeded in completing the task the Ford Administration had begun: it fulfilled that part of its mandate which called for a restored sense of honesty and goodness of intent in the office of the presidency. Americans can tolerate a conception of themselves as good people who stumble on occasion; we cannot tolerate an image of ourselves as an immoral people motivated by bad faith.

Thanks to Presidents Ford and Carter, the task of restoring our image of ourselves as good and decent people had been accomplished before the 1980 campaign, and it therefore has little bearing on the Reagan mandate. The Reagan presidency is charged with a far different task—reasserting control over the disarray in our international relations and our economy.

Mr. Reagan started his presidency with a firm vote of citizen confidence that he would accomplish the first part of the task and make substantial gains toward the second. Post-election polls show that overwhelming majorities of the public believe the Reagan Administration will "increase respect for the United States abroad." On economic problems, the margins are narrower, but

[14] Daniel Yankelovich, "Farewell to President Knows Best," *Foreign Affairs*, "America and the World 1978," pp. 670–93.

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pluralities think that Mr. Reagan will reduce unemployment, lessen inflation, and reduce the size and cost of the federal government. The public's expectation that Mr. Reagan will be able to make substantial gains on the foreign policy front is much higher than its confidence in his ability to restore control over the economy. This high level of expectation gives the Reagan Administration considerable room to maneuver, but it also imposes a heavy burden.

V

On our analysis of survey data, the American public holds strong and clear ideas about how the nation can regain control over its foreign policy and vindicate the country's honor. The actions encouraged by the new public mood include: a tougher stance in dealing with the Soviet Union; adding muscle to our defense capabilities; showing a willingness to aid our allies, with military force if necessary, in the event of Soviet aggression; brushing aside the moral squeamishness that diminished the usefulness of the CIA; employing trade as a legitimate weapon in support of our national interests; and in general acting more forcefully against our enemies and on behalf of our friends.

It is worth emphasizing that while the public response to the events of 1980 offers the most dramatic evidence of a "toughened" stance, many public opinion trends supporting a more assertive foreign policy began taking shape in the mid-1970s. In 1976, William Watts and Lloyd Free showed that the nation had begun to express "a diminished sense of progress in our dealings with the Soviet Union; a substantial increase in concern over the threat of war . . . and a more pessimistic view about the prospects for future relations with the Soviet Union."[15] Even before the seizure of American hostages in Iran or the Soviet invasion of Afghanistan, the post-Vietnam ambivalence about American assertiveness had started to dissipate. In the spring of 1978, a 53 percent majority agreed that the United States should "get tougher" in its dealings with the Soviet Union.[16] In the aftermath of the invasion of Afghanistan, an even larger 67 percent majority supported a tougher posture.

Given the growth over the past several years of "assertive" trends in public opinion, it would be imprudent to dismiss the

[15] William Watts and Lloyd A. Free, "Nationalism, Not Isolationism," *Foreign Policy*, Fall 1976, pp. 3–26.

[16] CBS/*New York Times*, June 1978.

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public stance of 1980 as a temporary mood that will pass after a few months of less bellicose Soviet activity. Sensitive at having been "burned" in the détente relationship with the Soviet Union, Americans are likely to retain that sensitivity for some time to come. Although the public outlook is more cautious and selective than in the crusading period of the 1950s and early 1960s, and containment is no longer singled out as the preeminent foreign policy goal, a national resolve to get tough is likely to be an underlying theme in public attitudes toward U.S.-Soviet relations for some time to come.

One of the most visible vehicles for an enhanced posture of toughness is defense spending, and nowhere has the assertive trend in public attitudes been more conclusive or dramatic than in the growing support for increases in the U.S. military budget. In 1971, with the war in Vietnam still unresolved, only 11 percent of the public wanted to increase U.S. defense expenditures. As late as December 1978, majorities still opposed higher defense spending; but by the middle of 1979, months before the taking of American hostages in Iran, a 42 percent plurality thought defense spending should be increased. Since that time, growing majorities have endorsed higher defense spending, and the events in Afghanistan pushed support for an enlarged military budget up to 74 percent, the highest point since the early days of the Vietnam War.[17] Thus, in the space of a single decade, support for increased military spending soared from one in nine to three out of four!

When Mr. Carter argued in January 1980 that reactivating the mechanism of draft registration was a way of showing U.S. resolve in the face of the Soviet invasion of Afghanistan, a majority of the American people agreed with him. In this sensitive area, too, slowly growing sentiment over the past several years found in the events of 1980 a catalyst that brought forth a new willingness to demonstrate American strength. In early 1977, a 54 percent majority in a Gallup poll still opposed any return to conscription, with 36 percent supporting a revived draft. A year later, Gallup recorded a nearly even split on the subject, with 45 percent supporting a military draft and 46 percent opposing such a move. Afghanistan pushed public sentiment toward solidity, and since February 1980 support for a peacetime draft has received majority support.[18] An August 1980 ABC/Harris poll found a 78 percent level of endorsement for President Carter's call for draft registration.

[17] NBC/Associated Press, January 1980.
[18] Gallup Index No. 178, June 1980.

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A related question is the willingness of Americans to use military force in a variety of international situations. After a post-Vietnam hesitancy to send U.S. troops into any situation that might embroil us in a wider conflict, Americans are now responding to a more threatening world with a cautious willingness to project armed force, especially in defense of our allies. Although events in Iran and Afghanistan fanned this new manifestation of assertiveness, trends supporting the use of U.S. military force had begun to develop before these events.

Looking at the key indicator of willingness to intervene in defense of Western Europe, in 1974 only a 39 percent minority of Americans supported direct military involvement in the event of a Soviet invasion. In 1978, the level of support for military involvement crossed into majority status, and after the invasion of Afghanistan crystallized public concern about Soviet aggression, a two-thirds majority (67 percent) favored the use of American forces to repel such an invasion.[19] This renewed willingness to defend allies, however, should not be construed as an indiscriminate rush to armed confrontation. Even in the cases of Iran and Afghanistan, after an initial venting of national ire, majorities favored either "holding off for now" or preferred the use of diplomatic and economic pressures.[20]

The CIA, after several years in the unflattering limelight of congressional and public attention, suddenly emerged in a new light following the Embassy seizure in Tehran. Scourged by a 49 percent to 32 percent negative rating from the public in 1975 after revelations of unsavory domestic and international operations, the CIA gradually rebuilt its support to a 59 percent positive level in 1978 (to strengthen U.S. interests overseas and "weaken those forces that work against" us).[21] A year later, as a result of events in Iran, the agency received a 79 percent endorsement for "overhauling and stepping up" its activities; in the flush of post-seizure anger, the CIA was the designated arm of the U.S. government that should work "to overthrow the Ayatollah Khomeini in Iran."[22]

A new, more assertive public stance also prevails on the question of international trade. Even when reminded that cutoffs of trading

[19] ABC/Harris, No. 25, February 26, 1980.
[20] CBS/*New York Times*, January 1980.
[21] Gallup for the Chicago Council on Foreign Relations. See John E. Rielly, ed., *American Public Opinion and U.S. Foreign Policy 1979*, Chicago: The Chicago Council on Foreign Relations, p. 16.
[22] ABC/Harris, December 3, 1979.

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relations with an offending country can have a negative impact on the U.S. balance-of-payments and employment prospects, a 56 percent majority of the public favors the use of trade as a diplomatic weapon. Although a clear consensus exists for restricting export of weapons and armaments, including nuclear technology, a 50-percent majority also endorses the idea that grain and food products be "among the first" products cut off from an offending country.[23]

Together, then, these trends supporting geopolitical toughness, increased military spending and preparedness, less moral squeamishness in the realm of worldwide intelligence operations, and a new willingness to use trade leverage as a weapon in the interests of the nation, amount to a call for a new U.S. assertiveness in world affairs. The message to the Reagan Administration is at least partly telegraphed by the 77-percent majority of registered voters in a post-election CBS/*New York Times* poll who expect President Reagan to "see to it that the U.S. is respected by other nations."[24]

VI

There are three major ways in which the Reagan mandate differs from the Carter version. The first relates to the uses of military power. Americans have come a long way since 1976 in resolving their ambivalence about military power. Critics have often accused American intellectuals of believing that military power is inherently immoral, and therefore that increases in defense spending and weapons systems are automatically to be opposed. In a diluted form, echoes of this same outlook have also been detected among the general public. But as we have seen, moral reticence about the use of military power has now abated. Public hesitancy about military power was linked to its use in Vietnam: many Americans came to feel that the force we applied in Vietnam was inconsistent with our claim to be a good people. While this matter remains controversial, it has receded as an influence on the public mind, and, at least in moral terms, the vast majority of Americans now enthusiastically support stronger military power in the service of our national objectives.

At the beginning of the Carter presidency, there was a similar ambivalence about internationalism—the extent to which the United States should take strong initiatives abroad to bolster its

[23] YSW Survey, 1980.
[24] CBS/*New York Times*, November 16, 1980.

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role as a world leader. The public's ambivalence about U.S. internationalism had a different source than its troubled feelings about military power. Here the concern was practical. Vietnam was America's first brush with our limits as a world power, and it left the nation both bruised and deeply concerned that we not extend our commitments beyond our capabilities.

The postwar low point for internationalism came in 1974 in the aftermath of the Arab oil embargo and the recession that followed. At that time, the dominant outlook was that the United States should mind its own business, recognize its limitations, and concentrate on domestic problems. This outlook has been well documented in studies conducted by William Watts and Lloyd Free, using an "internationalism/isolationism index." According to this measure, in 1974 only a 41 percent minority of Americans held a firm internationalist outlook, feeling that we should take the concerns of other countries into account, actively support our allies, and come to the military aid of our West European and Japanese allies if they were attacked by the Soviet Union. Two years later, at the time of the Carter election, internationalism, as measured by the Watts-Free index, stood at virtually the same low level: 44 percent. Since the Carter election, however, American internationalist sentiments have been rising steadily, and internationalist attitudes are now held by a solid 61 percent majority. This is a large increase in a short period of time. Moreover, internationalism correlates with education and affluence, thereby characterizing the most aware and active American citizens.

The third difference between the Reagan and Carter mandates is the least tangible though perhaps the most important. In the Reagan mandate there is a strong element—almost totally absent from the Carter mandate—of desire to vindicate American honor. Clearly the introspective brooding of the Ford-Carter period on the agonized question, "Are we a good people?" can hardly contrast more sharply with today's impatient question, "Why are we letting ourselves be pushed around?" Psychologically speaking, the first question has to be resolved before the second can be raised. As long as people are not sure they are on the ethical side of an issue, they will not interpret other people's actions as efforts to push them around. Instead, they will say things like: "Maybe they are right and we are wrong." "Maybe we *have* injured the North Vietnamese; maybe in supporting the Shah we *have* done a grave injustice to the Iranian people; perhaps we *have* betrayed the Chilean people." These kinds of moral judgments are credible to Americans only in moments of national doubt about our

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goodness as a people. But it is probably impossible for any nation to sustain these kinds of doubts for long; they soon grow intolerable and are transformed into other sentiments. Individuals may mire themselves in guilt over long periods of years, but nations quickly shrug off such self-doubts.

The moral self-doubt that characterized the Ford-Carter period has now been replaced by a powerful assertion of national pride. The conviction that we have in the past few years permitted ourselves to be manipulated, bullied, humiliated, and otherwise abused, has given rise to a powerful urge to vindicate the national honor. This is a strong part of the Reagan mandate, and in some ways, as noted earlier, it frees the new Administration to take actions needed to reassert control over our foreign affairs. But in other ways the public's convictions about how to restore the national honor collide with the geopolitical realities of the 1980s.

It will take several years before we can fully measure the effects of tension between the Reagan mandate and the constraints of modern geopolitics. But it may not be premature at this stage to illustrate both the opportunities and the inhibitions the new public mandate implies for a Reagan foreign policy.

Within its frame, the Reagan Administration will be able to take initiatives denied to previous administrations. For example, many foreign policy thinkers agree with Henry Kissinger that our failure to counter the Soviet's use of proxy Cuban troops in Angola in 1975 led directly to the Soviet invasion of Afghanistan and the present Soviet threat in the Persian Gulf. Strategists who hold this view see a direct link connecting Angola to Ethiopia to South Yemen to Afghanistan as part of a systematic Soviet pincer movement aimed at the oil resources of the Middle East, with one arm of the pincer through Africa and the other arm through Afghanistan.

In 1975 it was politically impossible to take a bold American initiative to counter Soviet influence in Angola. The situation there looked too much like Vietnam to gain support, either among the general public or in the Congress. Now, in light of the 1980 mandate, Mr. Reagan will meet little public opposition in seeking to counter future Angolas.

Consider, for example, the current situation in the Middle East. In his visit to India in December 1980, Leonid Brezhnev proposed a "nonaggression pact" in the Persian Gulf area, in part to forestall U.S. initiatives in establishing military bases in the region. Under the terms of the Camp David accords between Egypt and Israel, the Israelis are scheduled to withdraw from their bases in the

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Sinai Peninsula at Etzion and Eitam in 1981. From the U.S. point of view, these desolate and unpopulated spots are ideal for military bases, from which to defend U.S. interests in the Gulf more effectively than from more remote locations. The calculations that might lead the Reagan Adminstration to assay such a move will depend on many factors. But one overriding political fact that did not exist in the Ford-Carter years is the strong potential for public support of such a move, were it to be made.

Other possible initiatives come to mind, such as giving massive support to Pakistan; supporting an effort by President Sadat to subdue the troublesome Colonel Qaddafi in Libya; getting tough with Cuba on the subject of the Russian brigade there and the 40,000 Cuban troops in various locations in Africa; pressing much harder for greater European and Japanese contributions to mutual defense; cracking down on pro-Khomeini Iranian student groups in the United States, and so forth. We are not recommending or even suggesting that such actions make sense; we are merely pointing out that they are the kinds of initiatives that would receive strong public support under the new mandate.

Some political risk remains, of course. If, responding to the public's assertive state of mind, the new Administration takes actions that backfire or prove imprudent, it will have to accept the political consequences. But unlike the climate of opinion that prevailed in the past few administrations, there now exists widespread support for initiatives that were virtually unthinkable only a few years ago.

Ironically, the present public mood would have fitted better with our position in the world of the 1950s and 1960s than it does in today's circumstances. At that time, our economic and military dominance was unchallenged—we accounted for a staggering half of the world's total industrial production. Then we could afford to adopt a more casual attitude toward the subtleties of balance-of-power politics, the will of other nations, and the limits of the American economy. But in the world of the 1980s, it may prove extraordinarily difficult to execute bold, simple initiatives that vindicate American pride.

The world is now full of countries disinclined to blindly follow America's lead. Much of the disarray of the Carter years came from the perception in other countries that the United States had lost its ability to support its friends, thwart its enemies, and execute its role as a responsible world leader. In the aftermath of Afghanistan, the Pakistanis began to wonder whether in today's world it was even safe to have America as an ally. Throughout

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the Carter years the Japanese and Germans often questioned aloud whether the United States knew what it was doing, and came to feel it more prudent to plan independent courses of action. There were also times when the Saudi Arabians wondered aloud whether we knew how to protect our own interests, let alone theirs. Some of this questioning of American competence came in the aftermath of our failure to support those elements in Iran that would have permitted an orderly transition from the Shah's regime to a government less inimical to the West than the rule of the Ayatollah Khomeini and the mullahs.

In the next several years, the United States will be obliged to execute many delicate and skillful geopolitical maneuvers that in skeptical eyes might show signs of expediency. How, for example, will the press and the general public react if we suddenly are obliged to rebuild Iran? At present the Soviet Union is seeking, in its posture toward the Iraq-Iran war, to preserve its position in both countries without committing itself strongly to either. But as the war goes on, or if it should die down, the Soviet leaders might be tempted to take actions designed to gain major influence in Iran or even to win it for the Soviet camp. It is probably in America's vital interest to prevent this from happening, and the competition for influence might entail strong U.S. support for Iran even under its present regime or one similar to it. But such an about-face would cause some of Mr. Reagan's supporters great discomfort. At the very least, the appearance of double-talk about Iran could easily confuse the public, unless the Reagan Administration shows exquisite skill and subtlety in explaining its policies and actions.

On another front, some of our most cherished European allies see détente with the Soviet Union from a different perspective than our own. For the Europeans, détente is no mere bilateral relationship between the United States and the Soviet Union. Rather, it is a complex fabric of ties between Western and Eastern Europe, ties that permit Western Europe to achieve autonomy, prosperity and unity. Thus there is a difference of interest which is easy to exploit. Even apart from the troubled issue of Poland, the Reagan Administration will have to work hard at negotiating differences in perceptions of the détente relationship with our European allies to find a common basis for action. It will have to undertake such negotiations with partners who increasingly demand equality, have ideas of their own, differ among themselves, and, from a U.S. perspective, are often perverse in their outlook. The kind of patience, skill, endurance and spirit of give-and-take

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required for such negotiations lies at the opposite end of the pole of emotions from those that thirst for bold, simple actions in the name of national honor.

It is possible that the balance of opportunities and constraints may turn out to be highly productive. Much depends on the skill of the new Administration in diplomacy and in communicating with the American people. The Reagan Administration has a good chance to live up to the public's high expectations. The stakes could hardly be greater: the rewards for success would be impressive, but the price of failure could also be high.

If a new national program forged at the conservative end of the American political spectrum, and responsive to deep public yearnings for an "assertive America," has a substantial measure of success, conservatives will have won a great victory at a crucial time. We will then probably see a new conservative consensus flow into the policy vacuum left by the disarray of the liberal consensus that has dominated our public life for the past 50 years.

However, if the Reagan Administration fails in its efforts to regain control, it does not follow that the liberal position will necessarily be the beneficiary. If Mr. Reagan is proven not able to forge a program appropriate to the world of the 1980s, and a constructive opposition program has not materialized, the country is less likely to swing back to liberalism than to move further toward the right—toward the strongly ideological right, with its villains, scapegoats and calls for righteous authoritarianism.

A failure by the Reagan Administration on the economic front could destabilize American society for years to come; the corrosive effects of runaway inflation, added to the other strains of American life, could unleash social havoc. And a serious failure on the foreign policy front could leave the United States not only weakened economically but so vulnerable in its national security that it might even be panicked into some frightful military adventure leading to a nuclear confrontation.

In short, the stakes in the new Administration's efforts to bring our domestic and foreign affairs back under control are enormous. The national mood of 1980 does not yet reflect the kind of clear consensus that existed on both domestic and foreign policy from the late 1940s to the mid-1960s. But it is not alarmist to suggest that if such a consensus cannot now be recreated—or if major issues are addressed in an excessively partisan or belligerent spirit—the very future of partisan politics in this country may be in question.

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Elaine P. Adam
CHRONOLOGY 1980

UNITED STATES
(*See also* country, regional and topical entries)

JAN. 4. President Jimmy Carter announces anti-Soviet measures following Afghanistan invasion. (*See* USSR.)

JAN. 9. Philip M. Klutznick sworn in as Secretary of Commerce, replacing Juanita Kreps.

JAN. 23. Carter address on State of the Union says US would defend Persian Gulf oil fields by force, if necessary; calls for draft registration.

JAN. 28. Carter budget message for Fiscal Year 1981 asks $616 billion outlay with $600 billion in revenues.

JAN. 29. Defense Secretary Harold Brown and Chief of Staff General David C. Jones present annual defense report; House Armed Services Committee terms $142.7 billion defense budget inadequate.

JAN. 30. Carter Economic Report to Congress predicts persistent inflation.

FEB. 1. Secretary of State Cyrus Vance tells Senate Appropriations panel he sees no change in arms control policy, human rights, Third World aid, and normalization of relations with China.

FEB. 5. State Department issues annual human rights report—most comprehensive to date; includes all UN members for first time and singles out Pakistan, Argentina.

FEB. 8. Carter statement calls for registration of men and women for possible conscription to "resist further Soviet aggression"; in formal request 2/13, he asks $45 million to revive Selective Service System.

FEB. 25. House holds secret session on $75 million emergency aid for Nicaragua—its third secret session in 150 years; backs fund 2/26, 400-0.

FEB. 26. Senate-House conferees approve $8 billion foreign aid appropriation after breaking deadlock on US International Bank for Reconstruction and Development (IBRD) contribution now set at $328 million—a third below Carter request.

MAR. 4. House-Senate conferees, ending three-month deadlock, back new seven-member Synthetic Fuels Corporation with $20 billion budget in next four years.

— Key appropriations bills, including foreign aid, "frozen" as Congress exceeds spending ceiling by $10 billion.

MAR. 13. House, 302-107, passes compromise "windfall" oil tax that would raise $227.3 billion over next ten years. Senate passes bill 3/27, 66-31. Carter signs Crude Oil Windfall Profit Tax Act of 1980 (P. L. 96-223) 4/2.

MAR. 17. Carter signs Refugee Act of 1980 (P. L. 96-212) allowing entry of 50,000 refugees yearly; sets up post of Coordinator of Refugee Affairs.

MAR. 31. Carter in new 1981 budget request asks $611.5 billion with $16.5 billion surplus.

APR. 3. Carter proclamation sets $4.62 import fee per barrel of oil.

APR. 21. House, 219-180, passes $13.3 million draft registration bill.

APR. 24. Republican John B. Anderson declares himself independent presidential candidate; chooses former Ambassador to Mexico Patrick J. Lucey as vice-presidential candidate.

APR. 28. Vance resigns, in opposition to aborted hostage rescue mission. (*See* Iran.) Sen. Edmund Sixtus Muskie named successor 4/29, confirmed 5/7, 94-2, as 58th Secretary of State.

APR. 30. Carter lifts self-imposed campaign travel ban, terming Iran crisis "alleviated."

MAY 7. House, 225-193, passes $611.8 billion budget with a $2 billion surplus—first non-deficit budget by House in 12 years. Senate, 68-28, votes $613.1 billion budget 5/11.

— Department of Education formally achieves Cabinet status at White House ceremony.

Elaine P. Adam was the editor of the Council on Foreign Relations' annual, *American Foreign Relations: A Documentary History*, from 1970 to 1978.

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On 5/14 Department of Health, Education and Welfare officially becomes Department of Health and Human Services.

MAY 15. Senate confirms Ralph Earle II as Director, Arms Control and Disarmament Agency; succeeds George M. Seignious III.

JUNE 4. Oil import fee rejected by Senate, 73-16; by House, 376-30; Carter vetoes bill 6/5 and is overridden by House, 335-34; Senate follows suit 6/6, 68-10.

JUNE 12. 1981 $613.6 billion budget passed by House 205-195; by Senate 61-26; 1980 $572.6 billion budget, with $47 billion deficit, also passed.

— Senate, 58-34, passes $13.3 billion draft bill; House passes bill 6/25, 234-168.

JUNE 16. House-Senate conferees approve $20 billion synthetic fuels bill with proviso that US resume filling strategic oil reserve. Energy Security Act (P. L. 96-294) signed 6/30.

JUNE 19. House, 294-106, passes 1980 $16.1 billion supplemental appropriation; includes aid for jobs lost through foreign competitors. Senate, 53-22, votes $16.2 billion on 6/28. House and Senate approve $16.9 billion bill 7/2 after $355 million cut in new Export-Import Bank funds.

JULY 2. Senate, 84-3, passes 1981 $51.9 billion military authorization bill, or $5.9 billion over Carter request; conferees back $52.8 billion bill 8/1.

JULY 7. Muskie speech to Foreign Policy Association indicates return to policy of economic, social and military aid to non-communist countries, with less stress on human rights.

JULY 14–17. Republican National Convention meeting in Detroit, nominates former California Govenor Ronald W. Reagan and former CIA Director George Bush as presidential and vice-presidential candidates.

AUG. 11–14. Democratic National Convention meeting in New York nominates Carter and Walter F. Mondale as presidential and vice-presidential candidates.

AUG. 23. Pentagon issues report on Iranian hostage rescue, finds no evidence of neglect or incompetence for failure; blames bad luck, faulty equipment; recommends creation of counter-terrorist group to include members of all service branches under "single control."

AUG. 26. House, 360-49, and Senate, 78-2, pass $52.8 billion military procurement bill; approved 9/8 (P. L. 96-342).

AUG. 28. Carter outlines US economic "revitalization" plan; delays individual tax cut beyond 1981, creates 15-member Economic Revitalization Board composed of business, labor and public representatives.

SEPT. 10. House, 337-2, approves $5.5 billion Military Construction Authorization Act, 1981; includes $3.15 million for new nerve gas weapons. Senate approves measure 9/16, 89-3. Bill (P. L. 96-418) approved 10/10.

SEPT. 21. Reagan and Anderson debate campaign issues in Baltimore. (Carter declined debate 9/9, after League of Women Voters included Anderson.)

SEPT. 30. FY 1980 ends with $62 billion budget deficit-11th in a row. $59-billion 1980 deficit, largest on record, is $30 billion over Carter projections.

OCT. 2. Senate Judiciary panel issues report on nine-week inquiry on Billy Carter's relationship with Libya; finds no evidence of illegal actions.

— Congress adjourns for five-week election recess.

OCT. 28. Carter and Reagan hold 90-minute televised debate sponsored by League of Women Voters in Cleveland, Ohio.

Nov. 4. Ronald Wilson Reagan elected 40th US President with total of 489 out of 538 electoral votes. Senate Democrats hold 47 seats (a loss of 12) with 53 for Republicans; House Democrats hold 243 seats (a loss of 33), with 192 for Republicans.

Nov. 19. House-Senate conferees approve $634.2 billion 1981 budget with $27.4 billion deficit.

Nov. 21. Senate, 73-1 (Mark O. Hatfield), passes 1981 $161 billion military procurement bill ($6.4 billion over Carter request), largest single peace- or war-time defense money bill.

DEC. 15. House, 321-36 and Senate, 73-1, pass 12/4 conferees' $160.16 defense appropriation bill (P. L. 96-527).

DEC. 16. Reagan names former President Richard M. Nixon's Chief of Staff Alexander M. Haig, Jr. as Secretary of State.

— 96th Congress adjourns, ending 26-year Democratic majority.

DEC. 31. Certified population count in 1980 census at 226,504,825, or 11.4% over 1970.

THE UNITED STATES AND THE WORLD ECONOMY

JAN. 7. Vice President Walter F. Mondale and Agriculture Secretary Bob Berglund announce US will buy 14.5 million tons of grain meant for USSR, as part of US embargo (*See* USSR.)

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JAN. 10. International Bank for Reconstruction and Development (IBRD) votes to double its stock to $40 billion.

JAN. 16. Japan announces it will not join in trade curbs against Iran and USSR; discloses 1/15 Iranian threat to halt all oil exports to Japan.

JAN. 27. Saudi Arabia confirms oil price rise to $26 a barrel retroactive to 1/1; on 1/29 Iraq, Kuwait, Qatar, and United Arab Emirates (UAE) raise price by $2 to $28 retroactive to 1/1.

JAN. 30. Japanese 1979 auto exports reported at record 4.56 million cars, up 6.8 percent from 1978; reports $8.64 billion deficit versus 1978 $16.53 billion surplus.

FEB. 5. European Economic Community (EEC) Foreign Ministers meet in Brussels, agree to let Britain limit US synthetic textile fibers.

FEB. 6. US 1979 trade deficit on balance-of-payments basis reported fallen to $29.1 billion despite 42 percent increase in oil imports, versus 1978 deficit of $33.7 billion.

FEB. 18. West German Chancellor Helmut Schmidt and French President Valéry Giscard d'Estaing agreed at 2/3 meeting to delay second phase of proposed European central bank and new reserve currency (due by March 1981) because of elections in both countries.

FEB. 19. British House of Commons ratifies UK-US tax treaty, ratified by US in 1979; enters into force 4/25/80 (TIAS 9682).

FEB. 21–22. OPEC Strategy Committee meets in London, proposes quarterly price rises based on "basket" of 12 currencies.

FEB. 28. Saudis reportedly asked US to delay filling strategic oil reserve.

MAR. 2. Japan announces International Monetary Fund backed steps to support yen, now at 250 to dollar from 1978 record of 175.

MAR. 14. Carter address on inflation asks $13 billion budget cut, credit curbs, and $11 billion-a-year oil import fee, involving US gasoline price rise of $.10 a gallon.

MAR. 21. US suspends trigger-price mechanism indefinitely following filing of United States Steel Corporation's antidumping suit against seven West European steel exporters.

MAR. 24. Mexico caps IXTOC I oil well that spilled 3.1 million barrels since 6/3/79—twice as much as that spilled in 3/16/78 Amoco *Cadiz* sinking.

APR. 2. Chemical Bank leads prime rate increase to 20%; others follow suit 4/3. Chase and other banks lower rate 4/16 to 19½%, leading decline that reached 10¾% on 7/24—rate below FRB discount rate for first time since 1972.

APR. 3. Algiers trade sources confirm 4/1 gas sales cut-off to El Paso Natural Gas in attempt to form so-called Organization of Gas Exporting Countries; suspends deliveries to France 4/10.

APR. 17. People's Republic of China joins IMF and IBRD on 5/15.

APR. 19. Iran talks with 12 Japanese oil companies reported to have broken down 4/17 after Japan rejected $2.50 rise to $35/barrel.

APR. 21. US intelligence sources report maintenance and sabotage problems cut daily Iran oil output to 2.5 million barrels.

— Duncan announces US will postpone filling strategic reserve until June 1981.

APR. 24. Group of 10 Finance Ministers and bankers meet in Hamburg, shelve substitution account for a year.

APR. 28. Special session of General Agreement on Tariffs and Trade (GATT) in Geneva elects Arthur Dunkel (Switzerland) Director-General to succeed Olivier Long (Switzerland; appointed 11/24/67).

MAY 7. IMF sells 443,200 gold ounces in last public auction; sales to raise funds for developing countries began 6/2/76.

MAY 9. Carter transmits Food Aid Convention, 1980, to Senate; adopted 3/6, effective 7/1.

MAY 13. ITC rules Japanese color television imports not injurious to domestic industry.

MAY 14. Saudis raise oil price to $28/barrel retroactive to 4/1; on 5/21 Qatar becomes 11th OPEC member to join price rise.

MAY 15. US Special Trade Representative Reuben O. Askew announces US-Japan interim accord signed in Tokyo to end auto parts tariffs until 4/1/81.

MAY 20. Treasury Department announces 25 percent tariff rise on small imported pickup trucks, effective in 90 days.

MAY 22. International Energy Agency (IEA) meeting in Paris backs Carter oil import tax, agrees on new steps to reduce oil use.

MAY 29–30. EEC Foreign Ministers in Brussels reach compromise on cutting British share of EEC budget from $2.5 billion in 1980 to $800 million.

JUNE 3. Carter signs legislation providing for increased US participation in regional development banks (P.L. 96–259).

JUNE 4. House, 367-30, and Senate, 73-16, defeat oil import fee.

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JUNE 9–10. OPEC meets in Algiers, reaches tentative accord on $2/barrel price rise effective in July.

JUNE 13. EEC Foreign Ministers meet in Venice; communiqué strongly condemns OPEC price increase.

JUNE 18. IMF approves three-year $1.6 billion loan to Turkey—largest in IMF history.

JUNE 22–23. Sixth annual economic summit of seven industrial nations and Economic Commission held in Venice.

JUNE 26. UN Committee on Trade and Development (UNCTAD) agrees to set up $750 million common fund for raw materials buffer stocks.

JUNE 30. Carter lifts import quotas on Japanese color television sets and eases curbs on South Korean and Taiwanese sets.

JULY 3. FRB announces removal of last of 3/14 credit controls.

JULY 8. Carter in Detroit offers plan to aid auto industry.

JULY 17. Canada approves start on first link of Alaska gas pipeline "in principle," following Carter's personal assurances of completion by 1985.

JULY 18. ITC rejects request by Carter and 51 Senators to speed car import action.

JULY 31. Carter in letter to Congress backs oil exports to Japan.

AUG. 4. Japanese Trade Ministry rejects auto export quotas, but says it will continue to urge voluntary restraints.

AUG. 7. House Commerce, Consumer and Monetary Affairs panel's study, two years in preparation, warns of US vulnerability to foreign investment, especially by OPEC. Its $350 billion estimate for foreign-owned assets seven times higher than Commerce Department's.

AUG. 12. Latin American Foreign Ministers form new common market. (*See* South America).

AUG. 17. IBRD issues "World Development Report, 1980"; sees world growth-rate decline in first half of 1980s, urges freer trade to aid poor lands.

AUG. 24. IBRD releases energy survey; recommends new affiliate to finance energy needs of poor lands whose import bill could reach $110 billion by 1990.

AUG. 25–Sept. 15. UN General Assembly holds Eleventh Special Session on Development.

AUG. 27. Labor Secretary Ray Marshall and his opposite Masayuki Fujio end six-day meeting in Tokyo on auto imports.

SEPT. 4. Saudis and Kuwait bar loans to IMF to protest denial of observer status to Palestine Liberation Organization.

SEPT. 7. French officials report Algeria has quietly resumed gas shipments at modest price increase.

SEPT. 9. Carter message calls trade improvement one of highest US priorities, offers export increase plan.

SEPT. 15. Group of 10 meeting in Paris says IMF should borrow from OPEC to help deficit nations pay oil bills.

SEPT. 15–17. OPEC Foreign and Finance Ministers hold extraordinary meeting in Vienna, agree on $30 a gallon through 1980; Saudis promise to cut output to 8.5 million barrels a day (MBD) in 1981.

SEPT. 15–18. Chinese Deputy Prime Minister Bo Yibo and Finance Minister Wang Bingqian meet with US trade officials in Washington. Major trade pact signed 9/17 on textiles, civil aviation, consulates, shipping.

SEPT. 18. Carter orders higher duties on British woolens as of 1/1/81 unless quotas on US synthetic textiles are lifted.

— House, 199-151, backs 50% rise in US IMF quota to $12.61 billion. Senate voted increase 6/16. Bill approved 10/7 (P.L. 96–389.)

SEPT. 21. IBRD annual report says $2.85 billion loaned to poorer energy consumers for energy projects. Total lending in year up $1.5 billion to $11.5 billion.

SEPT. 22. US begins filling strategic oil reserve.

— IMF Managing Director Jacques de Larosière anounces 9/19 US resolution approved to exclude PLO from annual IBRD/IMF meeting.

SEPT. 24. Iran and Iraq stop oil shipments, taking some 2.7 MBD out of circulation.

SEPT. 26. Iraq suspends all oil shipments.

SEPT. 30. Carter Executive Order formally initiates $88 billion synthetic fuels program.

— Carter announces US steel aid, including reinstatement of trigger price, as of 10/21, at 12% increase. United States Steel agrees to drop dumping suit.

SEPT. 30–Oct. 3. IBRD/IMF Boards of Governors meet in Washington; World Bank President Robert McNamara calls for intensified anti-poverty effort; Carter stresses oil producer-consumer cooperation. Zimbabwe becomes 141st IMF member.

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Oct. 1. West Germany announces acceptance of reserve currency role for mark.
Oct. 7. $20 billion Magnetic Fusion Energy Act approved (P.L. 96-386).
Oct. 7-8. EEC Foreign Ministers meet in Luxembourg on 20 percent steel production cutback. Bonn producers extend voluntary curbs 10/12 until 6/30/81.
Oct. 8. OPEC indefinitely postpones 11/4 20th anniversary meeting in Baghdad. On 11/7 it announces meeting will be held in Bali, Indonesia 12/15.
Oct. 24. British pound at seven-year record high.
— US ratifies International Rubber Agreement (signed 10/5/79).
Oct. 29. EEC sets 18% mandatory steel output cut after exempting Bonn's specialty steel companies.
Oct. 30. Carter names Bank of America President A.W. Clausen as successor to McNamara.
Nov. 7. France announces moves within European Monetary System (EMS) to help German mark in face of rising US interest rates and dollar.
Nov. 10. ITC hearings on UAW-Ford request for export protection (begun 10/8) find industry not seriously hurt by auto exports.
Nov. 18. US discloses 11/14 approval of $79 million bulldozer exports to USSR to help it build pipeline to Western Europe.
— Saudi Oil Minister Sheikh Ahmed Zaki Yamani confirms long-rumored oil output increase to ten MBD as of 10/1.
Nov. 21. Askew announces US-Japanese accord to cut tariffs on US tobacco as of 4/1/81.
Nov. 30. $25 billion IMF quota increase (proposed in 1978) to $75 billion approved by 128 out of 141 members (US not included).
Dec. 1-2. EEC meets in Luxembourg, agrees on two-year extension of European Monetary System beyond its expiration March 1981.
Dec. 2. Twelve-week interruption of Iraq oil pumping ends.
Dec. 3. Agriculture Act of 1980 (P.L. 96-494) signed; sets up world food grain reserve.
Dec. 7-8. Organization of Arab Exporting Countries (OAPEC) meets in Kuwait.
Dec. 9. IEA meets in Paris, agrees on plan to reduce oil purchases.
Dec. 10. Dollar at highest two-year level briefly tops mark as prime rate reaches 20%; prime reaches 21½% 12/19.
Dec. 15-16. OPEC meets in Denpasar (Bali), Indonesia; agrees on price rises that could go as high as $41/barrel, extends Secretary-General Rene G. Ortiz's term through 6/81.
Dec. 29. Indonesia and Libya raise oil price by $3 to $4/barrel; latter reaches OPEC maximum of $41. Nigeria raises price to $40.
Dec. 30. US trade gap for first 11 months of 1980 at $29.5 billion, compared to $37.3. billion in all 1979.

WESTERN EUROPE

Jan 3. State Department discloses 1/3 Soviet message saying that the 12/79 NATO decision to deploy 108 Pershing II launchers and 464 cruise missiles in Europe kills chances for East-West talks on long-range theater nuclear forces (TNF).
Jan. 10. Five-year US-Turkish accord initialled in Ankara on status of US bases and military-economic cooperation. Five-year base agreement within NATO framework signed 3/29.
Jan. 11. Spain's Basque and Catalonia regions formally become autonomous.
Jan. 14-16. Deputy Secretary of State Warren M. Christopher visits Britain, Italy, Belgium, West Germany and France on Afghan crisis.
Jan. 17. West German Chancellor Helmut Schmidt announces he will visit USSR and German Democratic Republic (GDR) as planned, despite Afghan invasion. On 1/30 GDR asks visit be postponed.
Jan. 23. Belgian Prime Minister Wilfried Martens announces cabinet shuffle after two-week crisis over more equality for French and Walloons; resigns 4/3 but is asked to stay on.
Feb. 3-5. French President Valéry Giscard d'Estaing and Schmidt hold semiannual meeting in Paris, issue joint statement calling for Soviet Afghanistan pullout "without delay."
Feb. 5. European Economic Community (EEC) foreign ministers meet in Brussels on Carter's call for boycott of Moscow Summer Olympic Games.
— Icelandic President Kristjan Eldjarm asks Gunnar Thoroddsen, former Independence Party member, to form new government; three-party coalition cabinet takes office 2/8.
Feb. 17. Canada's Liberal Party, led by former Prime Minister Pierre Elliott Trudeau, wins

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146 of 282 House of Commons seats in parliamentary elections. Prime Minister Joe Clark's Progressive Conservative Party wins 103 seats; New Democrats 32. Trudeau and new Cabinet sworn in 3/3.

FEB. 19. EEC foreign ministers meet in Rome on eve of US deadline for Soviet pullout, propose neutral Afghanistan with international guarantees, reject Olympic boycott.

FEB. 29–22. Secretary of State Cyrus R. Vance visits West Germany, Italy, France and Britain on coordinated response to Afghanistan crisis.

FEB. 22. Turkey announces end of six-year flight curbs over Aegean Sea; Greece follows suit 2/23 after 2/18–19 Greek-Turkish meetings in Ankara.

MAR. 4–6. Schmidt visits Carter; joint communiqué cites limits of German ability to act against USSR.

MAR. 19. Italian Prime Minister Francesco Cossiga's Christian Democratic coalition government resigns after Socialist Party withdraws cooperation; forms new government 4/4.

MAR. 22. Parliament delays vote on successor to Turkish President Fahri Koruturk (seven-year term expires 4/6). Senate Speaker Ihsan Sabri Caglayangil named Acting President 4/6.

APR. 14. USSR Ambassador to France warns against US missile deployment; says US is trying to "Europeanize nuclear war."

APR. 19. British White Paper announces 3.5% rise in defense spending in response to Afghan crisis.

APR. 23. Vance visits Canada for signature of Protocol extending Canada-US nuclear cooperation agreement 20 years.

APR. 27–28. EEC summit in Luxembourg pledges to impose sanctions on Iran 5/17.

APR. 28–29. Twenty-two Eurocommunist parties, in Paris for first meeting outside a communist country, propose broad meeting on peace and disarmament in Helsinki. (Meeting boycotted by Italian, Spanish, Yugoslav, Romanian, British, Swedish parties.)

APR. 30. Queen Juliana of the Netherlands abdicates; daughter Beatrix assumes throne as sixth Dutch sovereign.

MAY 5. Greek Prime Minister Constantine Caramanlis (New Democracy Party) elected President on third ballot for five-year term; succeeds Constantine Tsatsos whose term ends 6/19. On 5/8, former Foreign Minister George Rallis elected Prime Minister, 88–84.

MAY 13. Muskie arrives in Brussels on first European trip as Secretary of State; asks allied firmness on Iran sanctions and USSR Afghan pullout; asks allies not to undercut Camp David accords with their own initiative.

MAY 13–14. NATO Defense Planning Committee (DPC) meets in ministerial session in Brussels; joined by foreign ministers 5/14.

MAY 18. EEC foreign ministers meet in Naples, agree on Iran sanctions as of 5/22 on contracts signed since 11/4/79. On 5/19 Britain limits sanctions to new contracts only.

MAY 19. Giscard meets with Brezhnev in Warsaw; US protests lack of prior consultation.

MAY 20. Quebec voters defeat Parti Quebecois sovereignty proposal, 59.2% to 40.8%. Trudeau on 5/21 calls for start on new constitution.

MAY 30–June 4. Pope John Paul II visits France—first papal visit there since 1814.

JUNE 12–13. EEC foreign ministers meet in Venice, agree on Palestine "self-determination." (*See* Arab-Israeli conflict.)

JUNE 16. Strongly worded letter from Carter to Schmidt disclosed, warning Schmidt not to agree on freeze of missile deployment during the latter's coming meeting with Brezhnev.

JUNE 19. Carter leaves on seven-day trip to Rome and Vatican (June 19–21); Venice (June 22–3); Yugoslavia (June 24–5); Spain (June 25–6); Portugal (June 26).

JUNE 21. Carter holds 90-minute private meeting with Schmidt; meets Giscard 6/22.

JUNE 22. Venice economic summit calls for complete Soviet pullout from Afghanistan, denounces hostage-taking. (*See* US and World Economy.)

JUNE 25–26. NATO Council meets in Ankara, asks total Soviet Afghan pullout.

JUNE 29. Iceland elects first female head of state, NATO opponent Vigdis Finnbogadottir.

JULY 2. West German Foreign Minister Hans Dietrich Genscher in US to report on Schmidt visit to USSR (*q.v.*) tells Muskie USSR dropped demand that NATO change decision to deploy missiles as condition for negotiations.

— Britain unveils Ulster plan for 80-seat Assembly to be chosen by proportional representation; plan ducks issue of Catholic representation.

JULY 7–11. Giscard visits West Germany on first state visit there by French leader in 18 years; reaffirms commitment to alliance, urges more independent role for Europe.

JULY 15. US-British accord reached on $12-billion sale to Britain of Trident I missiles.

JULY 16. West Germany says USSR has pulled 16,000 troops out of Europe and 700–800

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tanks since 12/79 announcement pledging withdrawal.

AUG. 2. Bomb explosion in Bologna railroad station kills 84 and injures 200.

AUG. 8. Belgian Parliament, 132–23–2, backs limited autonomy for Dutch-speaking Wallonia and French-speaking Flanders, ending ten-year struggle.

AUG. 9. Greek-Turkish Cypriot communal talks resume in Nicosia for first time in 18 months.

AUG. 26. Brezhnev letter to Western leaders accuses US of stalling on June offer of TNF preliminary talks.

SEPT. 7. Norway Labor Party authorizes talks with US on stockpiling heavy arms equipment.

SEPT. 8. In major Cabinet shuffle, Suárez dismisses Foreign Minister Marcelino Oreja, Deputy Prime Minister for Economics Fernando Abril Martorelli and others. Cabinet sworn in 9/9; José Pedro Perez-Llorca and Leopoldo Calvo Sotelo in foreign and economics posts.

SEPT. 8–13. Ottawa meeting of Trudeau and ten province prime ministers on new constitution ends in failure over federal-province power allocation.

SEPT. 11–12. Turkish Chief of Staff Gen. Kenan Evren announces bloodless military takeover, suspends Parliament and Constitution; names six-man National Security Council, extends martial law to all 67 provinces. Evren declared head of state on 9/15.

SEPT. 19. Belgium decides to deploy 48 US missiles if US-USSR talks fail.

SEPT. 20. Retired Navy Admiral Bulent Ulusu named interim Turkish Premier; names 26-man civilian-military cabinet 9/21, with Ilter Turkman as Foreign Secretary.

SEPT. 26. Attack at Munich Oktoberfest leaves 13 dead, 215 injured. Neo-Nazi group suspected.

SEPT. 27. Cossiga Cabinet resigns after 298-297 no-confidence vote on economic policy. CDI President Arnaldo Forlani agrees to form new government on 10/2.

OCT. 2. British Labor Party meeting in Blackpool backs unilateral disarmament for first time in 20 years.

OCT. 3. Bomb explosion outside Paris Jewish Temple kills four, injures ten.

OCT. 4. Belgium's 25th postwar government falls over tax and spending policies. New coalition Cabinet approved 10/19, takes office 10/21.

OCT. 5. Schmidt's Social Democratic-Free Democratic coalition wins West German election; Parliament formally reelects Schmidt, 266-222, on 11/5.

— Portuguese Prime Minister Francisco Sá Carneiro's Democratic Alliance increases majority in National Assembly election from 128 seats to 134; Alvaro Cunhal's Communist Party biggest loser with 41 seats from 47.

OCT. 6. Canadian Parliament opens debate on 10/2 resolution to end 1867 British North America Act, create new constitution with bill of rights.

OCT. 8. Turkey ratifies prisoner exchange treaty with US (signed 6/79).

OCT. 15. Former Prime Minister James Callaghan resigns as British Labor Party chief. Michael Foot succeeds him 11/10; Denis Healey elected deputy chief 11/13.

OCT. 17. US-USSR preliminary talks on curbing TNFs open in Geneva; first full session held 10/21. First round ends 11/17.

OCT. 18. Italy installs four-party coalition (includes Social Democrats) with Forlani as Premier. (Five-week Fiat strike ended 10/17).

— Greece approves 10/16 NATO compromise for rejoining military arm of pact.

OCT. 19. Portuguese Socialist Party head Mario Soares quits after party rebuffs his appeal not to back President António Ramalho Eanes.

OCT. 20. NATO DPC backs Greek reentry; Greek Parliament approves 10/24.

OCT. 26. Twelve Ulster prisoners begin hunger strike, demanding political-prisoner status.

OCT. 27. Evren approves interim charter giving junta unlimited power. Bulent Ecevit resigns as Justice Party head 10/30.

Nov. 1. Bonn announces it will not raise arms spending 3% as promised.

Nov. 10. Schmidt and Giscard meet in Paris.

Nov. 13–14. NATO Nuclear Planning Group (NPG) meets in Brussels, backs new US "countervailing" nuclear strategy.

Nov. 15–19. Pope John Paul visits West Germany—first Pontiff to do so since 1782.

Nov. 16–17. Thatcher and Schmidt meet in Bonn; predict renewed clos e cooperation with Europe under Reagan.

Nov. 17. Schmidt visits Carter; joint communiqué stresses, *inter alia*, every nation's right to govern without outside interference. Meets informally with Reagan.

Nov. 23. Earthquakes strike 29 southern Italian cities. Official death toll, 12/16, at 2,916 with 1,575 missing, 8,807 injured.

Nov. 28. Italy indicts 19 Red Brigade members in 1978 murder of former Prime Minister Aldo Moro.

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DEC. 4. Sá Carneiro killed in plane crash. State Minister Francisco Pino Balsemao named successor 12/13.

DEC. 7. Eanes (first elected in 1976) defeats ruling party candidate Gen. António Soares Carneiro in presidential elections.

DEC. 9–10. US at DPC Brussels meeting says it will send NATO four Airborne Warning and Control Systems (AWACS) planes with supporting aircraft.

DEC. 11–12. NATO Council meets in Brussels; warns USSR Polish invasion would end détente. Muskie cites "positive and unanimous" response to USSR threat.

DEC. 21–22. Norse Foreign Minister Knut Frydenlund meets with USSR counterpart Andrei A. Gromyko in Moscow on US arms stockpile plan; communiqué 12/23 silent on issue.

DEC. 22. Galicia becomes third Spanish region to vote for home rule in 12/21 referendum.

— Pinto Balsemao named Prime Minister.

SOVIET UNION AND EASTERN EUROPE

JAN. 4. President Jimmy Carter announces retaliatory steps for Afghan invasion, including embargo on grain sales, high technology and strategic items, boycott of Summer Olympic Games in Moscow.

JAN. 8. US orders pullout of seven-member advance consular group from Kiev and expulsion of 17 Soviet diplomats from planned New York Consulate. Suspends current high-technology licenses and shipments on 1/9.

JAN. 10. European Economic Community (EEC) formally backs grain embargo.

JAN. 12. Soviet President Leonid I. Brezhnev in first public remarks on US reprisals says US trying to "poison" relations.

JAN. 17. State Department says Ambassador Thomas J. Waston, Jr. recalled 1/2, returns to Moscow 1/18; Ambassador to US Anatoli F. Dobrynin, in USSR since December, returns to US 1/18.

JAN. 18. Carter orders curbs on Soviet phosphate ammonia exports. On 2/3 US decides not to embargo phosphate fertilizers but future exports will require prior approval.

JAN. 20. Carter proposes moving, boycotting or cancelling Moscow games unless USSR pulls out of Afghanistan by 2/20. On 1/21 he sends personal messages to 100 government heads for support.

JAN. 21. Commerce Department announces ban on all computer spare parts exports for Kama River truck plant.

— Dr. Andrei Sakharov stripped of honors, exiled to Gorky.

JAN. 24. US House, 386-12, backs Carter 1/20 request; Senate follows suit 1/29, 88-4, as White House says Carter will not attend Lake Placid Olympics.

JAN. 31. Soviet Foreign Minister Andrei A. Gromyko arrives in Romania on a surprise visit.

FEB. 9. In speech to International Olympics Committee at start of Lake Placid games Secretary of State Cyrus R. Vance says US firm on boycott unless USSR leaves Afghanistan by 2/20.

FEB. 15. Polish Prime Minister Piotr Jaroszewicz (elected 12/23/70) dismissed over economic policies. Edward Babiuch named to succeed him on 2/18.

FEB. 19. EEC Foreign Ministers reject Olympic boycott.

FEB. 20. US formally declares Olympic boycott, as deadline for USSR Afghanistan pullout arrives.

FEB. 21. US bars Soviet scientists from two world conferences on technological problems.

FEB. 25. National Academy of Sciences cancels exchanges with USSR for at least six months to protest Sakharov exile; Carter orders indefinite phosphate export embargo.

FEB. 29. Vance and Dobrynin meet in Washington.

MAR. 6. Defense Secretary Harold Brown in address to Council on Foreign Relations says US must show USSR its actions pose serious global threat; warns Moscow against threats to oil lifeline.

MAR. 12. Carter asks US firms to voluntarily withhold some $25 million in merchandise for Moscow Olympics. On 3/28 he makes embargo mandatory.

MAR. 17–18. US and 11 other nations meet in Geneva on alternatives to Moscow games. On 4/12 US Olympic Committee meets in Colorado Springs, backs boycott, 1,604-797.

MAR. 20. In pre-election crackdown, 18 Polish dissidents arrested. Jaroszewicz wins parliamentary seat in 3/23 national and local elections.

APR. 17. East German economics aide Günter Mittag meets with Schmidt in Bonn.

APR. 25. Gromyko ends two-day Paris visit.

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APR. 30. East and West Germany sign $282 million five-year transport accord for road, rail, water links between West Berlin and Bonn.

MAY 4. Tito dies at 87 (named President for life in 1974). Vice-President Lazar Kolsevski becomes head of collective State presidency and Steven Doronjski heads League of Communists.

MAY 7. US Advisory Committee on Export Policy approves sale to USSR of off-shore oil rig in hopes of discouraging Soviet Persian Gulf adventures.

MAY 14–15. Warsaw Pact summit meeting in Warsaw calls for meeting of world leaders to reduce tensions and prevent war.

MAY 15. Britain, France, US, USSR commemorate 25th anniversary of the Austrian peace treaty in Vienna.

— Cvijetin Mijatovic elected Yugoslavia's President; Sergej Krajger Vice-President; former praises Brezhnev 6/3, asks "mutual respect."

MAY 16. In first high-level US-USSR contact in eight months, Muskie and Gromyko hold three-hour meeting in Vienna.

MAY 19. French President Valéry Giscard d'Estaing and Brezhnev hold five-hour meeting in Warsaw.

MAY 29–30. West German Economics Minister, Count Otto Lambsdorff and Soviet Deputy Prime Minister Nikolai A. Tikhonov meet in Bonn, sign draft cooperation accord on oil-gas exploration and exploitation and processing of raw materials.

JUNE 8. Bonn Foreign Minister Hans Dietrich Genscher stresses separability of détente in Europe from other world crises; notes USSR's legitimate security interests.

JUNE 21. East German and Polish currency curbs on travel, dropped in 1972, reinstituted.

JUNE 23. Carter message on eighth semiannual report on 1975 Helsinki Act says Soviet Afghan invasion violated seven of its ten principles.

JUNE 24. Carter arriving in Belgrade backs nonalignment policy, renews plan for "transitional arrangement" in Afghanistan (*q.v.*).

JUNE 30–July 1. Schmidt and Genscher visit USSR, call for talks without preconditions on medium-range missiles in Europe and for complete Afghan withdrawal.

JULY 2–4. Scattered work stoppages reported at major factories across Poland to protest unannounced meat-price increases.

JULY 7. Polish workers strike after Gierek says they must accept higher prices and hold off wage demands. On 7/19, Workers' Self-Defense Committee (SDC) reports wage settlement.

JULY 19–Aug. 3. XXII Olympics Games held in Moscow with Brezhnev presiding over opening ceremony. Some 60 nations boycott.

AUG. 13. Some 70,000 strikers take over Lenin shipyard at Gdansk; Associated Press reports strikes in Lodz and Wroclaw. Main demand is for independent unions and reinstatement of Lech Walesa, dismissed in 1970 riots.

AUG. 17. Interfactory Strike Committee, formed 8/16 by workers from 21 factories, presents 16 demands including pay raises, right to strike, censorship ban. Warsaw names special investigating commission under Deputy Prime Minister Tadeusz Pyka.

AUG. 18. Gierek promises pay raises, concedes errors, but says "socialist system" cannot be changed. Strike committee adds five demands; strikes spread to Szczecin 8/9.

AUG. 20. Dissident leader Jacek Kuron and 13 members of Committee for Social Self-Defense arrested.

— USSR renews jamming of broadcasts.

AUG. 21. Politburo's First Deputy Prime Minister Mieczyslaw Jagielski replaces Pyka.

AUG. 22. Catholic Church for first time voices "understanding" of strikers' demands but hints it shares concern over Soviet intervention. 150,000 now on strike.

— Schmidt cancels East German visit.

AUG. 24. Gierek resigns; Babiuch replaced by Central Committee Chairman Jozef Pinkowski.

AUG. 29. Strikes spread to copper mines in Wroclaw and Warsaw steel mills.

AUG. 30. Government grants right to strike and to form independent unions; workers seek clarification on extent of accord and on dissidents' release. Strikers return to work 9/1.

SEPT. 3. Some 300,000 Silesia coal miners reach unpublished settlement as Warsaw announces new price controls on meat, shoes, rent, etc.

SEPT. 3. $100 million Soviet loan to Poland announced.

SEPT. 6. Gierek (elected 12/70) dismissed; security chief Stanislaw Kania succeeds him; calls strikes legitimate response to party mistakes.

SEPT. 9. Warsaw Pact opens maneuvers in East Germany.

— Conference on Security and Cooperation in Europe (CSCE) opens preparatory meeting in Madrid.

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SEPT. 10–11. Jagielski visits Moscow; signs economic aid accord.

SEPT. 12. Carter approves $670 million Polish farm credit, up from $500 million. Voices "admiration" for "entire Polish nation."

— Steel workers file application as independent union; cabinet backs austerity.

SEPT. 18. West Berlin employees of East German railway, striking since 9/17 for higher pay and independent unions, halt all freight traffic.

SEPT. 19. Politburo hardliner Zdzislaw Grodzien ousted in response to strikers' demand.

SEPT. 21. First live broadcast of Catholic mass takes place in communist Poland.

SEPT. 22. New labor charter completed in Gdansk; unions register in Warsaw court as united group called Solidarity; Walesa meets with Jagielski.

SEPT. 25. Muskie and Gromyko meet in New York, set 10/13 date for Europe missile talks, affirm neutrality in Iran-Iraq war.

OCT. 4–6. Polish Central Committee meets, purges eight members, adopts resolution backing Gdansk agreements.

OCT. 8. Polish Parliament names former Interior Minister Gen. Mieczyslaw Moczar head of key watchdog panel, ousts six Cabinet ministers.

OCT. 9. East German decree raises foreign exchange fees for West German visitors as of 10/13, when Honecker demands formal ties with Bonn.

OCT. 12. West German banks announce 10/10 $660 million Polish loan.

OCT. 17. Polish union warns of new strike over delay by courts to register labor charter.

OCT. 20–21. Warsaw Pact meets in Warsaw.

OCT. 22. Supreme Soviet meets, hears 181-million-ton grain crop is 54 million short of goal. Prime Minister Aleksei N. Kosygin (named in 1964) resigns 10/23; First Deputy Prime Minister Nikolai A. Tikhonov succeeds him.

OCT. 24. Warsaw court legalizes Solidarity on condition it recognize Party's "leading role."

OCT. 27. Honecker institutes stiff travel curbs as of 10/29 to and from Poland.

OCT. 31–Nov. 1. Meeting between Pinkowski and union results in permission for weekly paper, regular access to television, and decision on charter wording by 11/10.

Nov. 10. Court in compromise legalizes union with acknowledgment of party role appearing as annex to charter.

Nov. 11–Dec. 18. CSCE meets in Madrid; to reconvene 1/27/81.

Nov. 13. Czech President Gustav Husak and Hungarian President Janos Kadar met 11/12 in Bratislava; communiqué condemned "anti-Socialist forces."

Nov. 14. Walesa and Kania meet for first time as food-export halt is announced.

Nov. 15. Strike alert called at 200 Czestochowa plants after 11/10 actions to curb unions; Warsaw bows to union demands 11/19.

Nov. 16. Honecker said to order six-month cultural exchange freeze with Bonn.

Nov. 21. Member of Parliament's Catholic group Jerzy Ordowski named Deputy Prime Minister.

Nov. 30. USSR closes East German-Polish border until 12/10.

DEC. 1. USSR draft 1981–85 plan calls for greater industrial growth, some oil output rise

— Romanian Foreign Minister Stefan Andrei flies to Moscow for unplanned meeting with Brezhnev.

DEC. 1–3. Polish Central Committee meets, ousts four Politburo members in fourth purge since Aug., removes Gierek, reinstates Moczar.

DEC. 2. US revokes Dresser Industries' license to sell more oil technology to USSR.

DEC. 3. Carter voices deep concern over "unprecedented" Soviet buildup on Polish border as Warsaw Defense Ministers meet in Bucharest.

DEC. 5. Warsaw Pact holds surprise summit in Moscow. TASS declaration confident Poles can find "socialist" solution.

DEC. 7. White House says USSR is ready to intervene in Poland.

DEC. 8. USSR recalls its East German and Czech military commanders; three countries' reserves activated.

DEC. 12. NATO communiqué warns USSR on Polish intervention.

DEC. 14. Over 1,000 Polish farmers hold Warsaw meeting to organize union.

DEC. 16. Poles join in commemoration of new monument honoring workers slain in 1970 anti-government riots.

DEC. 18. Poland begins first meat-rationing since World War II; announces austerity plan 12/19 and first budget deficit at $23 billion.

DEC. 20. USSR announces Kosygin's death.

DEC. 25–26. Polish Foreign Minister Jozef Czyrek meets with Brezhnev.

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ARMS CONTROL AND NUCLEAR AFFAIRS

JAN. 2. President Jimmy Carter in letter to Senate Majority Leader Robert Byrd asks delay in SALT II consideration in light of Afghan invasion.

JAN 17. Convention on the Prohibition of Military or Any Other Hostile Use of Environmental Modification Techniques (signed Geneva 5/18/77) in force for US (TIAS 9614).

FEB. 5–Apr. 29, June 12–Aug. 19. Forty-member UN Committee on Disarmament meets in Geneva. Charles C. Flowerree replaces Adrian S. Fisher as US representative on 2/15.

FEB. 11. Carter message to Congress proposes first US comprehensive radioactive waste management program to be effective by 1985.

FEB. 15. USSR said to have tested new strategic submarine missile, *Typhoon*, that encodes information on possible SALT II violations.

MAR. 10. Carter will allow sale for a year of enriched uranium to European countries not complying with 1978 Nonproliferation Act.

FEB. 25–29. The 66-nation International Fuel Cycle Evaluation Conference (INFCE) meets in Vienna, challenges US ban on fast breeder reactors.

MAR. 3. International Atomic Energy Agency (IAEA) Convention on the Physical Protection of Nuclear Material (concluded Vienna 10/26/79) opened for signature in Vienna and New York. Carter asks Senate advice and consent to ratification 5/9.

MAR. 6. USSR tells UNDC meeting it fully observes 1925 Geneva Protocol banning poison gas use in rejecting assertions it is using lethal gas in Afghanistan.

MAR. 19. US-USSR Standing Consultative Committee meets in Geneva. US says 3/20 USSR plans to dismantle 32 (or half) of its antiballistic missile (ABM) sites in Moscow.

MAR. 21. Three-week review conference on 1975 Convention banning germ warfare ends.

MAR. 25. Argentine-West German talks end with accord on building heavy-water nuclear reactor as Smith confers with Argentina on need for tighter safeguards.

APR. 18. USSR ends two-year moratorium on killer satellite tests.

MAY 7. Carter decides to send 38 tons of uranium fuel to India Tarapur plant despite noncompliance with IAEA safeguards. On 5/16, Nuclear Regulatory Commission (NRC) vetoes decision.

MAY 9. Carter speech to Philadelphia World Affairs Council reaffirms SALT II ratification aim; says US will observe treaty as long as USSR does.

MAY 14. The 21st round of MBFR talks opens in Vienna.

MAY 18. China reports successful test launch of Intercontinental Ballistic Missile CSSX-4.

JUNE 6. Secretary of State Edmund S. Muskie calls SALT and Afghanistan "separable" issues in shift to Vance view.

JUNE 18. Joint Resolution to allow more shipments of low enriched uranium for peaceful purposes (P.L. 96-280) signed.

JUNE 19. Carter transmits message to Congress approving uranium shipments to India.

JUNE 26. French President Valéry Giscard d'Estaing announces successful neutron bomb test.

JUNE 28. House Intelligence Oversight panel finds 4/79 Sverdlovsk disease outbreak caused by accident at germ warfare plant; Rep. Les Aspin charges 1975 germ warfare pact violated.

AUG. 5. Administration aides disclose 7/25 Presidential Directive 59 on new nuclear strategy in which Soviet military targets would get priority over cities and industrial complexes.

AUG. 10. Brown 8/8 diplomatic note to NATO Planning Group said Directive 59 not "major break with past policies, but an evolutionary development."

AUG. 11.–SEPT. 7. Second nonproliferation Treaty Review Conference meets in Geneva.

AUG. 13. *Jane's Fighting Ships* reports USSR building first nuclear-powered carrier and at least two nuclear-powered battle cruisers.

AUG. 20. Brown at Naval War College says US ICBMs may now be vulnerable.

— Pentagon discloses development of "stealth aircraft," invisible to Soviet radar.

AUG. 29. Brezhnev address asks US-USSR talks on world peace to be held at Alma Ata, Kazakhstan.

SEPT. 18. House, 298-98, rejects uranium shipment for India. Senate, 48-46, defeats blocking resolution 9/24.

— State Department confirms 9/14 Soviet nuclear test exceeded 150-kiloton limit under 1974 Threshold Test Ban (TTB) Treaty.

SEPT. 26. Top Carter aides at 9/25 White House meeting approved plutonium production increase for first time since early 1960's.

OCT. 6–Nov. 16. US, Britain, USSR hold 12th round of test-ban talks in Geneva.

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Oct. 9. Geneva conference on inhumane practices in conventional war completes treaty and three protocols; to be formally approved at 10/10 final meeting of four-week session.

Oct. 16. PRC conducts first nuclear explosion since 12/14/78.

Oct. 20. Pentagon announces second delay in testing $2.7 billion cruise missile until Dec. 1981 because of technical problems.

Nov. 13. In policy shift Israel at UNGA formally asks ban on nuclear weapons in Mideast.

Nov. 26–28. Republican Sen. Charles Percy, in unofficial Moscow visit, meets top leaders.

MIDDLE EAST AND SOUTH ASIA

General

Jan. 1. Saudi Arabia announces key civilian-military personnel changes in wake of 11/20/79 attack on Grand Mosque. Head of extremist Mahdi sect and 62 others beheaded 1/9.

Jan. 8. Egypt announces that joint exercises with US using Airborne Warning and Control Systems (AWACs) planes were held just before Soviet Afghan invasion, in test of Cairo bases as way stations for Iran flights.

Jan. 23. President Jimmy Carter in State of Union message pledges to treat Persian Gulf area as "vital American interest."

Jan. 27–29. Soviet Foreign Minister Andrei A. Gromyko visits Syria.

Jan. 31. Former Defense Secretary Clark Clifford in New Delhi warns that Soviet move toward Persian Gulf would provoke war.

Feb. 4–5. National Security Adviser Zbigniew Brzezinski and Under Secretary of State Warren M. Christopher confer with Saudi officials in Riyadh on Persian Gulf and Middle East.

Feb. 8. Iraqi President Saddam Hussein proposes eight-point "Pan-Arab Charter."

Feb. 11. State Department aides report Oman, Kenya and Somalia agree on US access to military facilities to strengthen US presence in Gulf/Indian Ocean area.

Mar. 18. Saudis report Yemen (Sana) agrees after two months of talks to exchange Soviet military help for Saudi financial aid.

Apr. 8. Saudis reject US request for use of military facilities.

Apr. 17. Under Secretary of State David Newsom says US ready to resume ties with Iraq.

Apr. 21. South Yemen (Aden) President Abdel Fattah Ismail (elected 12/27/78) resigns for health reasons; Prime Minister Ali Nasser Mohammed al-Hasani succeeds him.

May 7. Yemen and South Yemen report agreement on joint economic cooperation.

May 22. In Egyptian national referendum, 98.96% of voters back Sadat presidency indefinitely and Islamic code as basis for legislation.

June 5. State Department announces US accord with Oman reached 4/9 on US access to facilities in exchange for military-economic aid pending congressional approval. On 8/19 US-Oman accord signed establishing Joint Commission for Economic and Technical Cooperation.

June 16. US officials report Saudi request for military equipment for its 60 F-15 fighters to enhance range and firepower.

— Egypt announces it will reimpose martial law (repealed in May) as of 6/17 along western border with Libya.

June 17–18. Jordan King Hussein visits Carter.

June 19. Libya invites Algeria, Syria, South Yemen and Palestine Liberation Organization (PLO) to 6/22 emergency meeting in Tripoli on Sadat "war threat."

— Pentagon sources report Carter agreement to sell Jordan 100 advanced M-60 tanks.

June 20. First Iraqi general election since 1958 results in clear Baath Party victory.

July 3. Jordan Prime Minister Abdul Shauf (appointed 12/79) dies; Agriculture Minister Kassem al-Rimani succeeds; replaced 8/28 by Mudar Badan (resigned 12/19/79).

July 10. Squadron of US F-4E jets arrives in Cairo for 90-day joint training exercise.

July 16. Carter orders a second 1,800-Marine contingent, plus five warships to Indian Ocean.

Aug. 29. State Department announces Carter decision not to sell five jets to Iraq.

Sept. 8–10. Syrian President Hafez al-Assad visits Libyan President Col. Muammar al-Qaddafi; Libya-Syria merger accord signed 9/10.

Sept. 30. In response to Saudi request, US sends four AWACs planes with support personnel to protect oil supplies. On 10/11 Pentagon says guided missile cruiser being sent to Persian Gulf.

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Oct. 24. Carter at news conference says there is no change in 1978 assurances that F-15s for Saudis will not get "offensive capabilities."

Oct. 26. US Navy reports new Soviet anchorage in Red Sea off Massawe, Ethiopia.

Nov. 11. Advance unit of Rapid Development Force arrives at Cairo-West Air Base for 12-day joint exercises starting 11/12.

Nov. 12. Syria asks delay in 11/25 Arab summit because of Arab division.

Nov. 25–27. Arab League summit, boycotted by Steadfastness Front (Syria, Libya, Algeria, South Yemen), Lebanon and PLO meets in Amman.

Nov. 27. King Hussein warns Syria not to attack Jordan following stationing of 2,000 Syrian troops along border.

Nov. 29. Syria warns it will defend "national security" amid reports it now has 30,000 troops on border.

Nov. 30–Dec. 1. Saudi Deputy Prime Minister, Prince Abdullah, confers with Assad and Arafat in Damascus; delivers Assad pullback terms 12/2, rejected by Hussein 12/3.

Dec. 1. Hussein asks US to speed arms deliveries already contracted for.

— USSR First Vice-President V.V. Kuznetsov in Damascus to exchange ratifications of 20-year friendship treaty.

Dec. 10. Brezhnev in India (q.v.) urges joint pact with US and others to ban Persian Gulf intervention; US rejects proposal 12/11.

— Syria troop pullback begun; Jordan pullback begins 12/11.

Dec. 15. Assad arrives in Libya for five-day visit on planned merger.

Dec. 30. Aden-based Marxist group reports fighting with Sana troops since 10/24.

Arab-Israeli Conflict

Jan. 2. Israeli Prime Minister Menachem Begin survives four no-confidence votes over second delay in Elon Moreh evacuation.

Jan. 6. Libya cuts ties with and financial aid to al-Fatah of the PLO.

Jan. 7–10. Begin and Egyptian President Anwar el-Sadat meet in Aswan.

Jan. 16–17. Foreign ministers of Front for Steadfastness and Cooperation and PLO meet in Damascus on "Camp David conspiracies."

Jan. 17. Israeli autonomy proposal rejected at 1/14-16 Cairo meeting; Egyptian Vice-President Hosni Mubarak visits Carter.

Jan. 25. Israel completes first stage of two-part Sinai withdrawal, including Mitla and Gidi passes. Egyptian-Israeli border declared open 1/26.

Jan. 25–26. US Special Representative for the Middle East Sol M. Linowitz meets with Jordan's King Hussein in London.

Jan. 28. Sadat orders Soviet Embassy staff cut to seven and removal of all its civilian technicians.

Jan. 30–Feb. 1. Eighth full negotiating session on Palestine autonomy held in Herzliya.

Feb. 4. Syria announces pullout of its forces from Lebanon in 36 hours. Arafat and Lebanese Prime Minister Salim al-Hoss meet with Syrian Foreign Minister Abdel Halim Khaddam in Damascus; Syria announces 2/24 it will delay pullout indefinitely.

Feb. 6. Egyptian Parliament votes to end 1955 anti-Israeli boycott.

Feb. 10. Israeli Cabinet in principle backs right of Jews to resettle in Hebron in reaction to 2/1 murder of Jewish student; State Dept. on 2/12 terms move a step backward.

Feb. 13–20. US Representative to UN Donald F. McHenry visits Egypt, Israel and Jordan; meets with West Bank Arabs 2/20 before leaving for Tunisia.

Feb. 17. Cairo discloses Khalil letter to Secretary of State Cyrus R. Vance calling settlements illegal; Israel Cabinet delays Hebron settlement vote in response to world reaction.

Feb. 21. *Al Ahram* quotes Defense Minister Kamal Hassan Ali as saying US will not restrict kinds of weapons Cairo could choose.

Feb. 25. State Department says Sadat will defer purchase of $20 million worth of F-15s for $12 million worth of F-16s.

Feb. 26. Egyptian Ambassador Saad Mostada and Israeli Ambassador Eliahu Ben-Elissar take up posts in Tel Aviv and Cairo as two countries formally establish relations.

Feb. 27–Mar. 4. Ninth round of autonomy talks held at The Hague.

Mar. 1. UN Security Council Resolution 465 (1980) unanimously censures Israeli settlements. On 3/3 Carter says US should have abstained.

Mar. 7. Lebanese army replace 1,500 withdrawing Syrian troops in Beirut Christian areas.

— Israel announces settlements hardliner Moshe Landau sworn in this week as Chief Justice.

Mar. 8. Carter, explaining disavowal of 3/1 US vote, says settlements policy imperils autonomy talks.

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MAR. 9. Parliament Speaker and peace treaty critic Yitzhak Shamir named to succeed Moshe Dayan (quit 10/79) as Foreign Minister.

MAR. 11. Israel expropriates 1,000 acres of Arab land northeast of Jerusalem; 3/12 State Department assails seizure 3/12; 370 more acres seized 3/16.

MAR. 12. France for first time formally backs Palestinian self-rule as part of overall settlement.

MAR. 20. Vance at SFRC hearing stands by operative sections of 3/1 UNSC resolution.

MAR. 23. Israeli cabinet, 8-6-3, backs establishment of Yeshiva and field school in Hebron.

— White House ceremony marks first anniversary of Camp David accords three days early.

MAR. 23-25. Linowitz meets with Begin, who rejects request to freeze settlements until after 5/26 deadline on autonomy accord.

APR. 6-7. Terrorists from Lebanon enter Misgav Am children's dormitory, seize hostages. Kibbutz retaken by Israelis in most serious attack in year.

APR. 8-9. Sadat meets with Carter in Washington; accepts US plan for open-ended autonomy talks in Washington next week.

APR. 9. Some 200 Israeli soldiers and armored personnel carriers cross into Lebanon in retaliation for kibbutz attack. Israel pulls out forces 4/13.

APR. 15-16. Begin visits Washington; asks daily, intensified self-rule talks to begin at once. Carter announces 4/16 Sadat acceptance of nonstop talks to begin 4/27 in Herzliya.

APR. 18. Israeli sea commandoes attack Lebanese base near Sarafand. On 4/24, UNSC Resolution 467 (1980), 12-0-3(US), deplores Israeli incursion.

APR. 24. Labor leader Shimon Peres meets with Carter, Vance and other US aides; outlines plan for peace talks with Hussein participation and return of heavily populated areas to Jordan. (Hussein in 4/23 interview had already turned down the plan.)

APR. 30. UNSC Resolution on independent Palestine state fails of adoption, 10-1(US)-4.

MAY 1-7. Three-way talks held in Herzliya end in deadlock. Next round set for 5/12.

MAY 2. Six Jewish settlers killed, 16 wounded in Hebron attack in worst terrorist incident since 1967. Three West Bank officials ordered deported to Lebanon 5/3 for inflammatory statements; US 5/6 says move violates fourth 1949 Geneva convention.

MAY 7-8. UNSC Resolution 468 (1980), 14-0-1(US), urges Israel to rescind "illegal" deportation of West Bank officials.

MAY 7. Sadat meets with Linowitz in Ismailia and calls for indefinite delay in negotiations.

— Israeli commandos raid two Palestine bases along Lebanon coast in apparent retaliation for Hebron attack.

MAY 12. Khalil resigns; Sadat names Ali as Foreign Minister, keeps premiership.

MAY 14. Sadat agrees to resume talks after 5/14 Carter appeal. Announces agrarian reforms, ends martial law.

MAY 15. Sadat again suspends talks in protest over Knesset bill seeking to declare Jerusalem the official capital.

MAY 16. Lebanon reports four-mile penetration by Israeli forces at Shagra.

MAY 18. Israeli cabinet votes against reviving autonomy talks now.

MAY 20. UNSC Resolution 469 (1980), 14-0-1(US) asks Israel to permit return of deported West Bank officials.

MAY 22. PLO al-Fatah guerrillas hold fourth Congress, agree to escalate armed struggle against Israel, call US foremost enemy. PLO spokesman on 6/6 repudiates statement, says independent Palestine state would be acceptable.

MAY 22. Egyptian referendum approves multiparty system in Parliament, makes Islam basis of government, names Sadat President for life.

— Islamic foreign ministers' conference in Islamabad condemns autonomy talks.

MAY 23. Defense Department notifies Congress it intends to sell Egypt 40 F-16 fighters.

MAY 25. Weizman resigns over defense budget cuts and autonomy talks cancellation.

MAY 26. Target date for end of autonomy talks passes.

JUNE 2. In West Bank car bombing, Nablus May or Bassam al Shaka loses both legs, Ramallah Mayor Karim Khalaf loses left foot, and Arab policeman loses eyesight. Jewish terrorists suspected in incidents in four West Bank cities, including Hebron.

JUNE 4. Begin interview disclosed, saying settlements would be limited to ten more.

JUNE 5. UNSC Resolution 471 (1980), 14-0-1(US) severely criticizes 6/2 attacks.

JUNE 7. US aides disclose Carter letter to Sadat outlining formula for resuming negotiations. Both sides accept US proposal 6/9; White House on 6/11 formally announces resumption.

JUNE 13. EEC Venice declaration backs Palestine self-determination and participation in negotiations, calls for end of West Bank-Gaza occupation, condemns settlements and proposed change in status of Jerusalem. Muskie says US stand still based on 11/22/67 Resolution 242.

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JUNE 17. US Senate, 85–7, defeats amendment to cut $150 million (amount spent on settlements) from $2.2 billion in Israeli FY 1981 aid.

JUNE 18. Hussein ends two-day US visit, repeats he would join Middle East talks if occupied territories are returned and pledges he will bar PLO attacks from Jordan. On 6/19 US officials report Carter agreement to sell Jordan 100 M-60 tanks with advanced armament.

JUNE 22. Israeli aides announce Begin decision to move his office and conference room to East Jerusalem on completion of new building there.

JUNE 30. Begin hospitalized for mild heart attack as Knesset passes first reading of bill to make all Jerusalem capital.

— UNSC Resolution 476 (1980), 14–0–1(US) declares Israeli measures on Jerusalem null and void.

JULY 3. Linowitz announces resumption of talks at committee level 7/10.

JULY 8. Lebanon Phalangist military arm (headed by Bashir Gemayel) attacks Camille Chamoun faction ending Christian alliance; leaves 80 dead, 120 wounded. On 7/9 Chamoun and Gemayel announce unified Christian militias under National Home Guard.

JULY 13–14. Resumed autonomy talks held in Cairo.

JULY 16. Lebanese President Elias Sarkis accepts 6/7 resignation by al-Hoss.

JULY 22–29. UNGA Seventh Emergency Special Session held in New York, adopts Resolution ES-7/2 112–7(US)–24, demands establishment of Palestine state and calls on Israel to leave status of Jerusalem unchanged.

JULY 30. Following 7/29 approval by Justice Committee, Knesset passes modified version of bill making Jerusalem "united and indivisible" capital of Israel, 69–15–3.

AUG. 3. Sadat note to Begin (dated 8/2) says he awaits removal of "obstacles" to talks; urges him to restate that all issues are negotiable, including Jerusalem.

AUG. 11. Begin response to 8/2 note, delivered 8/8, made public in Jerusalem; charges Ghali with repeated violations of Camp David ban on hostile propaganda, refuses to alter settlements policy.

AUG. 15. Sadat letter to Begin suggests three-way summit after 11/4 US election.

AUG. 19. Israeli forces, backed by artillery and air strikes, raid guerrilla bases five miles north of Lebanon border—largest raid since 3/16/78.

— Israeli Supreme Court upholds 5/3 expulsion of Arab leaders.

AUG. 20. UNSC Resolution 478 (1980), 14–0–1(US), asks removal of remaining embassies from Jerusalem, strongly censures annexation of East Jerusalem.

AUG. 27. Israel announces 8/24 Cabinet decision to go ahead with six new settlements.

AUG. 31–SEPT. 2. Linowitz in Israel in attempt to revive talks. Visits Cairo 9/3-4.

SEPT. 9. Sadat meets with Labor Party leader Shimon Peres in Alexandria.

SEPT. 18–20. Islamic foreign ministers meet in Fez; seek Israeli UN ouster.

SEPT. 21. Moroccan King Hassan II says PLO will accept "secure and recognized" Israeli boundaries in exchange for similar guarantees for Palestine state.

OCT. 13. US says Israel accepted Palestine role in land policy, including future settlements and joint water resources development in 10/12 position paper.

OCT. 14–15. Three-way autonomy talks held in Washington.

OCT. 17. US-Israeli five-year accord on oil guarantees in emergencies signed in Washington.

— Beirut reports 8 civilians dead, 11 injured in 10/16 Israeli preemptive raids.

OCT. 22. Sarkis asks former Justice Minister Shafiq al-Wazan to form government. Wazan names new Cabinet 10/25.

OCT. 26–30. Israeli President Yitzhak Navon visits Egypt.

NOV. 6. Linowitz deputy James F. Leonard arrives in Israel with interim autonomy plan.

— Israel-Egypt memorandum, signed in Tel Aviv, opens land border to trade.

NOV. 7–9. Labor Party members Peres, Abba Eban, and Chaim Bar-Lev visit Cairo.

NOV. 9. Israeli Labor Party calls for single Jordan-Palestine state.

NOV. 13. Begin visits Carter. On "Meet the Press" 11/16, he says for first time Israel will not "descend from the Golan Heights." Cuts visit short 11/18 to face no-confidence vote on economy; wins 11/19 vote, 57–54.

NOV. 23. Herut Party ousts Weizman over "no" vote in no-confidence test, leaving government without a majority.

NOV. 27. Arab League summit rejects Camp David accords.

DEC. 2. Mubarak on six-day US visit, delivers undisclosed Sadat note to Carter.

DEC. 6. Linowitz confirms Reagan statement backing Camp David process.

DEC. 15. UNGA Resolution, 98-16(US)-32, calls for sanctions unless Israel withdraws from occupied lands.

DEC. 18. Israel Labor Party picks Peres to run in 1981 elections.

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— US and Israel announce US acceptance of $6 million payment over next three years to settle damage claims in 6/8/67 Israeli attack on USS Liberty.

— Linowitz, ending Cairo-Tel Aviv visits, reads joint Begin-Sadat statement reaffirming Camp David process; dismisses European initiative during London stopover 12/19.

DEC. 19 UNSC resolution unanimously urges Israel to let deported mayors return.

DEC. 20. US and Israeli Embassies in Cairo deny 12/20 report by Sadat aide US seeks use of Sinai airstrips.

DEC. 27. Cairo asks delay in Jan. 13–14 autonomy talks; no reason given.

IRAN

JAN. 1–4. UN Secretary-General Kurt Waldheim in Tehran in attempt to free US hostages.

JAN. 11. UN Security Council delays sanctions vote after Iran message asks for UN recognition of its demands for Shah's return and his wealth, and a UN inquiry into grievances against Shah and US.

JAN. 13. UNSC resolution asking cut-off of all shipments except food and medicine fails of adoption 13-2(USSR)-2, with China not participating.

JAN. 25. Former Finance and Foreign Minister Abolhassan Bani-Sadr elected president with 75.7% of vote; sworn in 2/4, named Acting Head of Revolutionary Council 2/5.

JAN. 28. Canada shuts its Iran Embassy; discloses on 1/29 that six US Embassy employees, hidden for three months, flew out 1/26–27 posing as Canadians.

JAN. 29. Islamic foreign ministers meet in Islamabad; rebuke Iran on hostages, but oppose sanctions.

FEB. 7. Bani-Sadr assumes full executive power with Khomeini approval to deal with militants. On 2/19 Khomeini names him armed forces Chief.

FEB. 11. Bani-Sadr gives new conditions on hostage release including US admission of "crimes" in last 25 years, pledge of noninterference in Iran's affairs and recognition of right to extradite Shah.

FEB. 13. Carter at news conference approves "carefully defined" inquiry commission into Iranian grievances.

FEB. 17. Waldheim completes inquiry commission made up of representatives of Syria, France, Algeria, Venezuela, Sri Lanka.

FEB. 20. UN Commission, led by Adib Daoudy (Syria), arrives in Geneva; Bani-Sadr on 2/21 says inquiry has "no direct connection" with hostages' release.

FEB. 23. UN panel arrives in Tehran as Khomeini says hostages' fate would be decided in April by new Islamic Consultative Assembly.

FEB. 24. Ayatollah Mohammed Beheshti named head of Supreme Court.

MAR. 11. UN panel leaves; Waldheim says its work is "suspended."

MAR. 14. Elections held for 270-seat Parliament (Majlis). Second round indefinitely deferred on 3/27 over fraud charges.

MAR. 23. Shah leaves Panama for Egypt; enters military hospital 3/24.

MAR. 27. Vance approves plan for "white paper" on US-Shah ties following 3/26 letter from Senators Frank Church and Jacob Javits asking about reported agreements with Shah.

APR. 1. Following 3/31 Carter warning on sanctions, Bani-Sadr says Tehran would take over hostages if US would avoid provocative actions until Majlis convenes. On 4/2 he says Carter agreed; White House press secretary Jody Powell reads statement pledging restraint.

APR. 6. Revolutionary Council refers issue to Khomeini, who says 4/7 militants may hold hostages until Majlis convenes.

APR. 7. Carter breaks diplomatic relations, invalidates future visas for Iranians, bans US exports and proposes bill to let US citizens settle claims by drawing on $8 billion in frozen assets.

APR. 9. Switzerland and Algeria to handle US-Iranian affairs. Vance asks allied ambassadors in Washington to cut off exports and recall envoys.

APR. 10. EEC foreign ministers meet in Lisbon, decline sanctions, but ask immediate release of hostages. Japan joins EEC appeal.

APR. 17. Carter at news conference says "some sort of military action" is the only choice if sanctions fail; announces further steps including ban on imports and on US travel to Iran, except for reporters.

APR. 21. Iran cuts off all oil shipments to Japan after it rejects oil price rise..

APR. 22. EEC foreign ministers unanimously back economic sanctions as of 5/17.

APR. 23. Iran announces new trade accords with East Germany, Romania, USSR.

APR. 24. US rescue mission begun to free hostages as SFRC invokes 1973 War Powers Resolution to discourage US military moves.

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APR. 25. Carter televised statement confirms 90-man rescue mission aborted three hours after landing 250 miles from Tehran because of mechanical failure in three of eight helicopters. Eight dead left behind in burning helicopter; five injured return to US.

APR. 27. Vance announces resignation in disagreement over mission.

APR. 28. EEC heads of state reaffirm sanctions at Luxembourg meeting.

MAY 9. Second round of elections for Majlis held.

MAY 18. EEC foreign ministers at Naples meeting agree to suspend contracts signed since 11/4/79; Britain on 5/19 limits sanctions to new contracts only. With Japanese 5/22 approval sanctions effective 6/2.

MAY 24. ICJ unanimously asks immediate release of hostages; rules Iran liable for reparations in six-point decision.

MAY 28. Majlis meets; Islamic Republican Party controls 230 of 270 seats.

JUNE 16. Ghotbzadeh rebuffs any renewed US mission as Daoudy ends 27-day mission.

JUNE 30. First Secretary of Soviet Embassay ordered expelled in 24 hours for spying.

JULY 10. Khomeini orders release of hostage Richard I. Queen for medical reasons; he arrives in US 7/18; meets with Carter 7/19.

— Tehran reports plot by Air Force officers to return former Premier Shahpur Bakhtiar (resigned 2/11/79). Over 50 arrested in Kerman including backers of former Khuzistan Governor General Ahmad Madani.

JULY 20. Majlis elects Ayatollah Hashemi Rafsanjani as Speaker; Bani-Sadr sworn in 7/22.

JULY 26. Bani-Sadr picks national police head Mostafa Mir-Salim as Prime Minister; offers compromise candidate Education Minister Mohammed Ali Rajai after Majlis vetoes Salim 8/9. Rajai approved 8/11.

JULY 27. Shah dies; buried in Cairo 7/28.

— Pro- and anti-Khomeini demonstrations in Washington by Iranians awaiting deportation result in over 170 arrests; they refuse to give their names to avoid deportation. Transferred to Federal detention centers in New York State 8/2.

AUG. 3. Khomeini charges US tortures prisoners as US welcomes Ghotbzadeh 8/4 request for UN inquiry. All prisoners freed 8/5 except one charged in 7/27 assault against policeman.

AUG. 14. Nine Embassy heads in Tehran ask Rafsanjani to free hostages. EEC delegation in Tehran also appeals to Rafsanjani 8/17.

AUG. 15. Former Air Force chief Maj. Gen. Said Mehdiyun and 14 others executed for role in plot; 92 executed, 300 arrested by 8/30.

AUG. 31. Rajai names 20-member cabinet; Bani-Sadr disapproves of seven, including Houssein Moussavi as Foreign Minister.

SEPT. 1. State Department discloses 8/31 Muskie letter to Rajai on hostages; does not reveal contents. Rajai reads letter to Majlis 9/9, rejects compromise.

SEPT. 10. Majlis approves 14 cabinet members; to decide on others later. Revolutionary Council formally dissolved 9/11.

SEPT. 12. Khomeini broadcast message sets four conditions for release of hostages: return of Shah's wealth, cancelling claims against Iran, unfreezing assets, promise of US noninterference. He omits demand for US apology. Rafsanjani denies conditions have changed.

SEPT. 18. Carter at news conference rules out apology as affront to US "honor and integrity."

SEPT. 22. Muskie in address to UN renews US noninterference pledge in Iran affairs.

SEPT. 25. Federal Judge rejects State Department request to delay action on attachment of Iran assets pending outcome of civil suits.

OCT. 12. Bani-Sadr in Associated Press interview says war with Iraq delays hostage action; repeats release conditions without mention of US apology.

OCT. 18. Rajai arrives in New York for appeal to UN on Iraq war.

OCT. 21. Tehran radio rejects direct negotiations despite 10/20 Carter pledge to unfreeze assets, end sanctions.

OCT. 29. US aides report private and public signals to Iran on release of $240 million out of $500 million in arms equipment already bought by Shah if hostages are freed.

OCT. 31. Crown Prince Riza Pahlevi in Cairo claims throne on 20th birthday. Sadat recognizes Islamic Republic 11/1.

Nov. 2. Majlis approves 9/12 terms with added proviso release might come in stages as US fulfills each condition.

Nov. 3. After meeting with Khomeini, militants give "responsibility" for hostages to Tehran.

Nov. 7. Ghotbzadeh arrested for criticizing broadcasting service; released 11/10 on Khomeini order.

Nov. 11. Christopher ends 30-hour Algiers visit to explain US position. Algeria delivers detailed US reply.

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Nov. 13. Federal judge stays 20 lawsuits against frozen assets at US request. Second $56.5 billion suit delayed 11/18.

Nov. 19. Rafsanjani in Algiers says US agrees to conditions in principle; confirmed by US 11/20. On 11/21 Iranian reply asks for "yes" or "no" response to its conditions.

Dec. 2. Christopher in Algiers delivers US clarification.

Dec. 21. Iranian reply released in Tehran demands $24-billion in guarantees. Muskie calls terms unacceptable; Rafsanjani renews spy trial threat 12/22.

Dec. 27. Iran offers new plan in which US would turn over $9 billion in frozen assets at once; Iran would keep hostages until remaining claims settled through arbitration.

Dec. 28. US makes public its formal proposals after Iran broke secrecy pact. Reagan says new demands amount to "ransom."

Dec. 27–30. US-Algeria meet on reformulated US plan setting deadline and $5 billion escrow account with simultaneous hostage release.

Iraq-Iran War

Sept. 4–16. Iraqi 10,000-man strike force in series of military operations seizes 90-square-mile Iranian area north of Shatt al Arab waterway.

Sept. 17. Iraq cancels border accord (signed Algiers 3/16/75) that gave Iran sovereignty over part of Shatt al Arab.

Sept. 20. Iran calls up reservists as fighting spreads; PLO and Arab League open mediation.

Sept. 21–22. Iraqi Deputy Prime Minister Tareq Aziz visits USSR.

Sept. 23. Carter pledges neutrality; calls on USSR and others to do same; USSR rejects Iran formal request to condemn Iraq as aggressor.

Sept. 24. Iraq Defense Minister Adnan Khairallah outlines peace terms including Iranian acceptance of claim to Shatt al Arab.

Sept. 26. Islamic foreign ministers at UN closed session choose Islamic Conference Secretary-General Habib Chatti (Algeria) and President Zia Ul-Haq (Pakistan) as mediators.

— Muskie meets with Gromyko in New York, reports both reaffirmed neutrality.

Sept. 28. UNSC Resolution 479 (1980) unanimously calls for cease-fire and mediation; rejected by Iran 9/29.

Sept. 29. White House reports US and allies working on task force to keep oil moving.

Oct. 1. Zia reports Iraq offered four-day cease-fire as of 10/5 if Iran accepts negotiation on territorial claims.

Oct. 4–5. King Hussein visits Baghdad.

Oct. 5. Iraq observes truce in Khurramshahr till 11:30 A.M. when Iran fire is returned.

Oct. 6. Jordan reported moving food and nonmilitary supplies to Iraq as stockpiled Soviet arms go to Iraq from Southern Yemen via Aqaba.

Oct. 7. Under Secretary Warren M. Christopher in Boston speech says US would help Gulf nations deter "unprovoked attack."

Oct. 8. Assad and Brezhnev in Moscow sign 20-year friendship accord as latter reaffirms neutrality in war.

Oct. 10. Qaddafi backs Iran amid reports Libya and Syria airlifting military supplies to Iran. Syria rejects charge 10/11.

Oct. 11. Hussein arrives in Riyadh; puts off USSR visit.

— Pentagon announces guided-missile cruiser being sent to Gulf.

Oct.17–18. Rajai at UNSC rules out cease-fire, calls for removal of AWACS planes from Saudi Arabia (*q.v.*) and end to US "protection" of Iraq's allies.

Oct. 19. Tehran radio reports Abadan surrounded; all links to rest of country cut off.

Oct. 20. Carter in Youngstown says it is to US advantage to have strong Iran. Muskie makes public reference to Iraqi "invasion."

Oct. 22. Iran in message to Waldheim pledges to keep oil lines open.

— US at private UNSC meeting outlines peace plan, including demilitarized zone.

Oct. 27–28. Hussein visits Iraq.

Oct. 28. Saudis break ties with Libya.

Nov. 2. Yugoslavia, India, Zambia, Cuba, Pakistan and PLO meet in Belgrade on peace mission.

Nov. 11. Aziz flies to Moscow for arms amid reports of USSR curtailment.

— Waldheim names former Swedish Prime Minister Olof Palme as mediator. Palme arrives in Tehran 11/18, in Baghdad 11/22; leaves for Geneva 11/25.

Nov. 15. Iran withdraws Ambassador from Amman.

Nov. 20. Saudi sources report government has opened three ports for transshipment of military cargos to Iraq.

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Nov. 23. Iran reports Abadan refinery set afire 11/22.

Nov. 26. Palme reports both sides agreed in principle to free 63 foreign ships in Shatt al Arab.

Dec. 5–6. Iraq reports Iran air strikes in Kurdish areas.

Dec. 28. Saudis and Kuwait set 1/14/81 Arab summit in Mecca on war.

Afghanistan-India-Pakistan

Jan. 1. NATO holds emergency Brussels meeting. (*See* Western Europe.)

— Kabul regime says it invited Soviet troops, which will leave when foreign threat ends.

Jan. 3. *PRAVDA* reports death of Soviet First Deputy Minister of Internal Affairs Viktor S. Paputin 12/28, day after former President Hafizullah Amin's execution.

Jan. 3, 6. India holds seventh parliamentary elections. Former Premier Indira Gandhi's Congress-I Party wins in landslide with 350 out of 542 lower house seats; she is named Premier 1/10; sworn in 1/14 with partial Cabinet.

Jan. 4. Carter announces anti-Soviet steps. (*See* USSR.)

Jan. 7. UNSC resolution calling for immediate withdrawal of all foreign forces from Afghanistan fails of adoption, 13-2(USSR).

Jan. 10–14. UNGA holds Sixth Emergency Special Session in New York; adopts Resolution ES-6/2 on Jan. 14, 104-18-18-12 (absentees), demanding immediate and total withdrawal of all foreign forces.

Jan. 12. Secretary of State Cyrus R. Vance reaffirms pledge to help Pakistan, after Washington meeting with Foreign Minister Agha Shahi who also met with Carter.

Jan. 13. US reports it offered Pakistan two-year, $400 million economic-military aid package. Zia dismisses offer 1/17 as "peanuts"; wants 1959 executive accords strengthened, denies Pakistan is developing nuclear weapons.

Jan. 17. Kabul orders expulsion of US journalists as of 1/18.

Jan. 18–22. Chinese Foreign Minister Huang Hua visits Pakistan.

Jan. 24. French President Valéry Giscard d'Estaing arrives in India for five-day state visit—first by French head of state.

Jan. 27–28. Foreign ministers of 34 Islamic countries meet in Islamabad, condemn "flagrant violation" of world law by USSR, ask boycott of Moscow Olympics.

Jan. 30–31. Former defense Secretary Clark Clifford visits India; reportedly said US now willing to sell it sophisticated electronic equipment.

Feb. 1–3. National Security Adviser Zbigniew Brzezinski and Deputy Secretary of State Warren M. Christopher confer with Zia on aid.

Feb. 12–14. Gromyko visits India; gets no support for Afghan moves.

Feb. 15. White House spokesman reports US supply to rebels of light infantry weapons through Pakistan since 1/15; US denies it 2/16 as USSR plays up report.

Feb. 17. Gandhi dissolves nine state assemblies led by opposition.

Feb. 21. Kabul merchants close shops in response to rebel leaflets asking show of "unanimous condemnation" of USSR presence. Rebels said to cut Jalabad-Kabul road.

Feb. 22. Kabul rioting breaks out. TASS reports imposition of martial law.

Feb. 23–28. Shops closed; civil servants and office workers strike as disturbances spread to other cities.

Feb. 24. Afghan second Deputy Prime Minister Sultan Ali Kishtmand slain in Jan. Revolutionary Council feud.

Feb. 26. Carter in letter to Yugoslav President Josip Broz Tito says US would join USSR and any other countries to guarantee Afghan neutrality if Soviet pulls out troops.

Feb. 29. Britain formally presents neutrality plan to Soviet Ambassador in London. Vance meets Soviet Ambassador Anatoli Dobrynin in Washington.

Mar. 3. Carter suspends aid to Kabul.

Mar. 6. US suspends $400 million aid offer following its rejection on 3/5.

Mar. 25. Cuban Foreign Minister Isidoro Malmierea Peoli in Islamabad after secret visits to Moscow and Kabul with Premier Fidel Castro's offer to mediate crisis.

Apr. 5. Assam calls out troops in continuing unrest over Bangladesh refugees and other migrants. On 4/20 strikers block oil facility outside Gauhati.

Apr. 9. Vietnam Prime Minister Pham Van Dong in visit to India rebuffed on backing for Cambodia regime of Heng Samrin.

Apr. 10. Carter says he wants total USSR pullout before joining neutrality guarantees.

May 9. Indian Supreme Court overturns 1976 emergency laws.

May 14. TASS reports seven-point Kabul plan for pullout involving US-Pakistan-Iran

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guarantees to prevent infiltration and arming of rebels; accepts Cuban mediation offer. Secretary of State Edmund S. Muskie in Vienna dismisses plan 5/15; Pakistan rejects it.

MAY 17-22. Eleventh Islamic Conference meets in Islamabad; Afghan rebel representatives join session 5/18; sets up three-member committee to seek solution.

MAY 28. India confirms $1.6-billion weapons deal with USSR.

JUNE 2. Congress-I easily wins eight out of nine state governments in 5/28 elections.

JUNE 8. Indian troops in Mandar, Tripura to quell violence find 700 Bengalis dead in 6/7-6/8 slaughter by tribal residents. Over 4,000 reported slain in June as of 6/23.

JUNE 23. Moscow radio reports a division and 108 tanks have been pulled out. Brzezinski on 6/24 calls pullout insignificant.

— Gandhi's son Sanjay killed in airplane crash.

JUNE 24. Carter in Belgrade renews 2/13 proposal for Kabul transition government monitored by UN or Moslem force. *Pravda* on 6/27 says plan amounts to Kabul capitulation.

JULY 7. India becomes first non-communist country to recognize Cambodia.

JULY 20. Kabul radio reports major government shakeup with power centralized under Afghan President Karmal in "general presidency for guidance."

JULY 23. Muskie and Shahi meet in Washington on Afghanistan and Pakistan aid request.

AUG. 3. Soviet forces seize Ghazni garrison after some 5,000 Afghan soldiers deserted to rebel side as result of 7/24 Karmal attempt to replace their commander.

AUG. 26. Rebels take Jalabad, cutting Kabul-Pakistan highway.

SEPT. 1. Japan Foreign Minister Masayoshi Ito in Islamabad signs $75 million aid pact.

SEPT. 15. Some 250 Afghan airline employees defect to West; report Vietnamese, Czech, Cuban troops on scene.

SEPT. 21. State Department reports that Soviet soldier who defected 9/15 to US Embassy in Kabul leaves after Soviet pledge he would not be prosecuted.

SEPT. 23. New Indian law in effect allowing regime to jail anyone without trial for a year.

OCT. 3. Carter meets with Zia, pledges US help under 1959 pact in case of Soviet attack.

OCT. 16. Karmal arrives in Moscow. Joint statement (signed 10/16; issued 10/19) reaffirms USSR-Kabul stand.

OCT. 25. Afghan delegate to UNESCO meeting Akhtar Mohammed Paktiawal defects after denouncing Soviet intervention and atrocities.

NOV. 15. USSR troops said to occupy strategic Wathan corridor on Indian frontier.

NOV. 20. UNGA Resolution, 111-22-12, with 9 not voting asks immediate Soviet pullout from Afghanistan.

DEC. 6. One-year federal control of Assam ended; over 5,000 arrested in Dec. 19–20 protests.

DEC. 7–26. Some 10,000 Indian farmers stage 300-mile "Long March" to protest low prices. March foiled 12/27 by arrests under new preventive detention law.

DEC. 8–11. Brezhnev visits India; joint declaration *inter alia* opposes interference in Southwest Asia.

DEC. 14. Rebel sources report SRV troops joined USSR in latter's fifth attempt to take Panjshir Valley.

DEC. 27. Karmal 12/28 asks talks with Iran and Pakistan.

DEC. 29. Anti-government riots break out in Kabul; US "military adviser" reported killed by USSR-Afghan troops near Iran border in South.

EAST ASIA AND THE PACIFIC

GENERAL

JAN. 14. US and Marshall Islands initial limited independence accord giving US exclusive military rights for at least 15 years.

FEB. 23. Governors of Hawaii, American Samoa, Northern Marianas and Guam announce formation of $1.4 billion Pacific Basin Development Council to be operational by 9/1/80.

JULY 30. New Hebrides becomes independent as Republic of Vanautu.

SEPT. 9. Australia decides to give landing rights to US B-52s returning from Indian Ocean.

OCT. 18. John Malcolm Fraser (Liberal Party) continues as Australian Prime Minister with sharply reduced majority in parliamentary elections.

OCT. 31. US, Marshall Islands and Federated States of Micronesia (Truk, Yap, Ponape, Kosrae) initial "free association" accord in Washington. Similar accord signed 11/15 with Republic of Palau.

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China

JAN. 3. State Department announces US will sell $280 million in defensive arms to Republic of China (ROC) on Taiwan, but no advanced fighter jets for now.

JAN. 5. Defense Secretary Harold Brown arrives in People's Republic of China (PRC) for eight-day visit. Talks end 1/9 with no concrete accords.

JAN. 19. PRC decides to cancel talks with USSR (begun in Moscow 9/79).

JAN. 24. Pentagon announces US will sell PRC nonlethal military equipment.

— House (294-88) and Senate (74-8) approve 7/7/79 trade agreement on PRC most-favored-nation status; enters into force 2/1 (TIAS 9630).

— US-China Commission on Scientific and Technical Cooperation holds first meeting in Beijing.

FEB. 25. Deng gives up Army Chief of Staff post; Yang Dechi succeeds him.

FEB. 29. Week-long Central Committee meeting ends. Liu Shaoqi rehabilitated; Wang Dongxing and three other Politburo members ousted; Propaganda Chief Hu Yaobang named party General Secretary.

MAR. 17–19. Deputy Foreign Minister Zhang Wenjin meets with Secretary of State Cyrus R. Vance and others in Washington on response to Afghan invasion.

APR. 16. PRC Standing Committee names Zhao Ziyang and Wan Li as Deputy Prime Ministers; votes to curb free speech.

APR. 20. New PRC Ambassador Yang Shouzheng arrives in Moscow nine days after expiration of PRC-USSR friendship treaty.

MAY 25–28. Defense Minister Geng Biao in Washington for talks with Brown and other aides. Brown announces military-related equipment sales and some technology.

MAY 27. Hua arrives in Tokyo—the first PRC head of state to visit Japan in 2,000 years. In talks with Prime Minister Masayoshi Ohira he stresses need for joint response to USSR.

JULY 10. Carter in Tokyo at Ohira memorial meets with Hua.

JULY 24. Special Trade Representative Reuben O. Askew announces US-PRC textile accord signed through 12/31/82.

AUG. 20. Republican Vice-Presidential candidate George Bush in Beijing is told by Huang that candidate Ronald Reagan's stand on Taiwan could harm US-PRC relations as well as endanger world peace. On 8/25 Reagan issues "definitive" statement accepting current unofficial US-ROC relationship.

AUG. 30. Deputy Prime Minister Ye Jianying opens ten-day session of National People's Congress. On 9/7 Hua announces resignation; he will stay on as Party Chairman, and Deng as Deputy Chairman; confirms resignation of seven of 18 deputy Party premiers. Committee named to revise constitution. Congress ends 9/10; Zhao formally elected Premier.

SEPT. 6. Under Secretary of Defense for Research William J. Perry arrives in Beijing; says on 9/10 US will sell 11 advanced computers with possible military application to PRC.

OCT. 15. PRC formally protests accord on diplomatic immunity signed 10/2 by American Institute on Taiwan and its US counterpart, as betrayal of normalization principles.

OCT. 22. US signs accord in Beijing to sell up to nine million tons of grain yearly to PRC over next four years.

NOV. 20. Trial of Gang of Four and six others opens in Beijing.

DEC. 6. Nationalist Party (Kuomintang) wins 57 of 70 seats at stake in first Taiwan assembly elections since 1977.

Japan and Korea

JAN. 12. North Korean Prime Minister Li Chong Ok in letter to Republic of Korea (ROK) Prime Minister Shin Hyon Hwak proposes face-to-face meeting on reunification.

JAN. 25. Former ROK President Yun Po Sun and 16 others receive two-year prison terms for role in 11/24/79 protests.

FEB. 6. North and South Korean officials meet at Panmunjom, agree to reactivate hot line 2/7 (unused since 8/76). Further meetings held 3/18 and 4/4.

FEB. 29. ROK restores civil rights of Kim Dae Jung and over 68 other dissidents.

MAR. 6. Col. Pak Hung Ju executed for role in 10/26/79 murder of ROK President Park Chung Hee. On 3/13 Gen. Chung Seoung Hwa gets 10-year jail sentence for his role.

APR. 14. Lt. Gen. Chun Doo Hwan, Army Security Command Chief, named head of Korean Central Intelligence Agency (KCIA).

APR. 30–MAY 1. Ohira visits President Jimmy Carter; broad five-year scientific collaboration accord signed. Carter promises US help if Iran oil cutoff causes hardship.

MAY 14. Police fight 50,000 Seoul students in largest demonstrations since 1960 anti-

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Syngman Rhee protests. Clashes also take place in Kwangju and five other towns.

MAY 16. Ohira's Liberal Democratic Party loses lower-house no-confidence motion, 247–187, when 69 LDP dissidents abstain. New elections set for 6/22.

MAY 18. ROK closes universities, bans strikes, extends martial law to whole country. Kim Dae Jung, New Democratic Party leader Kim Jong Pil, and others arrested in new investigation into corruption and unrest. In Kwangju, 5,000 defy decrees.

MAY 20. ROK Cabinet resigns amid growing Kwangju protests.

MAY 21. Protesters take over Kwangju; call for Chun ouster.

MAY 22. New Cabinet formed under economic expert Park Choong Hoon.

— Pentagon discloses US-ROK joint command chief Gen. John A. Wickham, Jr. released some ground forces at ROK request.

MAY 24. Kim Jae Kyu, slayer of Park, executed along with four accomplices.

MAY 30. US Embassy charges ROK "seriously distorts" stand by imply US approved of crackdown.

JUNE 12. Ohira dies; Chief Cabinet Secretary Masayoshi Ito becomes Acting Prime Minister.

— Senior Carter aides announce indefinite delay in high-level economic mission to ROK and policy review of all relations, excluding security commitments.

JUNE 21. North Korean spy ship reported sunk 6/30 in incident involving 12 MiG's and five ships. ROK accuses North of intensifying military provocations.

JUNE 22. Japanese elections result in LDP 30-seat majority in lower house and eight-seat-gain in upper house.

JUNE 24. North Korea criticizes ROK "atrocities," cancels North-South meetings until 8/20.

JULY 15. Japan's LDP elects former Agriculture Minister Zenko Suzuki as party leader; elected Premier 7/16, names Cabinet 7/17 with Ito as Foreign Minister.

— Rep. Stephen J. Solarz arrives in Pyongyang at its invitation for four-day visit—first visit there by a US official in 30 years. On 7/18 Kim Il Sung says he would welcome cultural exchanges with US even before formal ties.

JULY 28. Japan agrees to increase defense spending in FY 1982 by 9.7%.

AUG. 11. Kim Dae Jung and 23 others formally indicted; trial opens 8/14, as ROK rebuffs US statements of concern.

AUG. 16. President Choi Kyu Hah resigns; Acting Premier Park Choong Hoon named Acting President.

AUG. 18. Suzuki in first major speech reaffirms commitment to US-Japan security treaty and Ohira pledge to Carter on defense outlay rise.

AUG. 20. North Korea postpones unity talks over "abnormal" situation in ROK.

AUG. 22. Chun resigns from military; named fifth ROK President 8/27; inaugurated 9/1. Cabinet named 9/2 with Nam Duck Woo as Prime Minister.

SEPT. 3. US Ambassador William H. Gleysteen delivers Carter letter to Chun calling for liberalization.

SEPT. 14. Pyongyang tells visiting Japanese legislators it would scrap treaties with USSR and PRC in favor of treaty with US. ROK denounces statement 9/15.

SEPT. 17. Kim Dae Jung sentenced to death; 23 others get sentences ranging from three to 20 years.

SEPT. 24. Suzuki speech opposes major Japanese rearming.

SEPT. 29. Chun proposes new constitution, including one seven-year term for president with 5,000-member electoral college elected by people.

OCT. 10. Kim Il Sung at North Korea Workers' Party Congress offers reunification plan.

OCT. 22. Over 92% of ROK voters back new charter, signed 10/27.

NOV. 27. Suzuki unanimously elected LDP head for a two-year term.

DEC. 6. Japan says USSR has built two airports on Etorufu Island in Kuriles.

SOUTHEAST ASIA

JAN. 12. US Coordinator for Refugee Affairs Victor Palmieri goes to Thailand after three-day Malaysia visit, where he had said US would accept 3,000 refugees a month.

JAN. 25–31. Some 56,000 SRV troops attack Khmer Rouge guerrillas along Thai border camps. On 1/26, State Department voices concern over presence of SRV troops near Thai-Kampuchean border.

JAN. 31. Marcos claims major victory in first local elections in seven years.

FEB. 1. SRV note to People's Republic of China seeks resumption of talks dormant since 12/19/79. PRC rejects note 2/4, and similar overture on 9/23.

FEB. 7. SRV President Ton Duc Thanh, in major cabinet shuffle, replaces Defense Minister

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Vo Nguyen Giap with Gen. Van Tien Dung and Foreign Minister Nguyen Trinh with Nguyen Co Thach among others.

FEB. 16. Assistant Secretary of State Richard Holbrooke touring Association of Southeast Asian Nations (ASEAN) meets with Indonesia President Sukarno on Afghanistan invasion and regional problems.

FEB. 18. Marcos agrees to allow US bases to be used as staging areas for marines going to Arabian Sea.

FEB. 28. Thai Prime Minister Kriangsak Chamanan resigns over criticism of his economic policies. Army chief and Defense Minister Gen. Prem Tinsulanonda succeeds him 3/3.

MAR. 6–8. European Economic Community and ASEAN hold joint meeting in Kuala Lumpur, Malaysia; condemn USSR and SRV in 3/7 joint statement.

MAR. 30. SRV President Thang (first elected 9/23/69) dies at 91.

MAY 21. Thach says SRV is ready for relations with US.

MAY 26–27. Geneva meeting of 59 nations (but not USSR) on Cambodian relief raises $116 million of $181 million needed through 12/80. US pledges $29.6 million.

JUNE 17. Thais begin voluntary repatriation of Cambodian refugees; over 2,000 SRV troops cross Thai border to end repatriation as US denounces SRV aggression.

JUNE 24. SRV troops withdraw; estimated casualties include 24 Thai and 25–75 SRV soldiers, and some 1,000 refugees. US says military aid talks have begun with Bangkok.

JUNE 25. Over 8,000 SRV troops dig in along Thai border as Muskie condemns attack, calls on USSR to use its influence.

JUNE 25–26. ASEAN holds annual meeting in Kuala Lumpur, issues special declaration 6/25 condemning SRV attack and backing repatriation.

JUNE 27–28. Muskie confers with ASEAN, Japanese, Australia, New Zealand and Canada foreign ministers in Kuala Lumpur; says US will speed delivery of 35 tanks and other equipment to Thais; endorses ASEAN call for more active UN border role.

JULY 1. Carter announces $32.5 million in military equipment to Thailand.

JULY 7. ASEAN governments and bankers agree to set up Finance Corporation.

JULY 29. Former Prime Minister U Nu, under 90-day amnesty for political offenders and exiles, returns to Burma from India after 11-year exile; 1,431 rebels surrender by 8/16.

AUG. 2–5. UN Secretary-General Kurt Waldheim visits SRV, Singapore and Thailand.

SEPT. 1. UNHCR announces $13.7 million in aid for 300,000 Cambodians who returned home.

SEPT. 4–8. Sixteen Asian and Pacific Commonwealth countries meet in New Delhi; joint communiqué condemns SRV and USSR.

OCT. 1–4. US aides hold working-level talks in Hanoi on some 2,500 missing Americans.

OCT. 13. UNGA Resolution, 74–35–32, rejects move to oust Pol Pot regime from Cambodia UN seat.

OCT. 19. US travel agents cancel public meetings after 10/18 bombing in Manila in which seven of 20 injured were Americans.

OCT. 22. UNGA Resolution, 97–23–22, renews call for SRV pullout from Cambodia, proposes international conference.

NOV. 12. UN refugee aide Thomas Malia (US) opens talks in SRV on airlift of 1,745 Vietnamese to US; accord announced 12/8.

NOV. 29. Sary says "socialist revolution" abandoned; collective leadership now headed by Premier Khieu Samphan, with Pol Pot chief of armed forces.

DEC. 23. Singapore Prime Minister Lee Kuan Yew's People's Action Party wins all seats in general election for fourth time in a row.

AFRICA

GENERAL

FEB. 1. Popular Movement for the Liberation of Angola (MPLA) announces Revolutionary Council to be replaced by People's Assembly.

FEB. 4. Zaire President Mobutu Sese Seko bans opposition parties during his lifetime.

— Sudan President Gaafar al-Nimeiry dissolves Parliament, orders new elections in 60 days.

FEB. 11. State Department reports that US talks with Oman, Kenya and Somalia resulted in agreement giving US access to military facilities.

FEB. 20. Kenya President Daniel arap Moi visits President Jimmy Carter. On 2/24 he denies US reports he agreed to allow access to Kenya bases for Persian Gulf operations.

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MAR. 8. South African Prime Minister Pieter W. Botha calls for multiracial conference on South Africa's future after Robert Mugabe's victory in Southern Rhodesia, *q.v.*

MAR. 21. Chad fighting erupts in Ndjamena between backers of Prime Minister Hissen Habré and President Goukouni Oueddei. By 3/24 death toll reaches 500 as French evacuate 400 whites including US Ambassador.

APR. 1–4. Angola, Botswana, Lesotho, Malawi, Mozambique, Rhodesia, Swaziland, Tanzania, Zambia meet in Lusaka, agree on plan to lessen economic reliance on South Africa; 11/27 pledging conference in Mozambique raises $650 million.

APR. 12. Liberian President William Tolbert slain in predawn coup led by Master Sgt. Samuel K. Doe; he installs 15-member civilian-military cabinet with himself as head of state on 4/13.

APR. 22. In Monrovia, 13 government officials including Foreign Minister Cecil C. Dennis, Jr. are executed. Martial law declared 4/25 and 133-year-old constitution suspended.

APR. 28. France begins troop pullout during Chad lull; completed 5/16.

APR. 29. Police arrest hundreds as school boycotts involving over 100,000 mixed-race children spread throughout South Africa. Boycott ends 5/6.

MAY 2. Pope John Paul II begins 11-day visit to Zaire, Congo, Kenya, Ghana, Upper Volta, Ivory Coast.

MAY 8. South Africa announces plan for Council of Black South African Citizens with voice in future but no power; State President's Council of 60 whites and coloreds to replace all-white Senate. Plan withdrawn 8/8 because of opposition.

MAY 12. Six-man military commission in Uganda, headed by Labor Minister Paulo Mwanga, assumes power after 5/11 takeover of Kampala radio and post office. On 5/13 Mwanga names presidential committee to take over until new elections. President Godfrey L. Binaisa under house arrest as Tanzania tacitly backs coup.

— South Africa in letter to UN Secretary-General Kurt Waldheim says it accepts UN Namibia plan for demilitarized zone along Namibia, Angola, Zambia borders, but sets new terms including number of South Africa bases in DMZ, size of UN monitor group (UNTAG).

MAY 16. New Uganda leaders meet with Tanzania President Julius K. Nyerere in Arusha, set Sept. elections and full civilian rule; 24-member Cabinet named 5/18 with Obote backers in 14 posts.

MAY 25. Angola reports South African raids from Namibia on 5/12 and 5/21 killed 200.

MAY 27. Obote returns to Uganda after nine-year exile.

JUNE 1. Assistant Secretary of State Richard Moose and Rep. William H. Gray III arrive in Monrovia for first meeting since coup.

JUNE 12. Formation of 12-member black-white Ministerial Council announced in Windhoek, Namibia led by white, Dirk Mudge; takes power 7/1.

JUNE 13. Prime Minister Botha announces air-ground raid last week on Namibia bases in Angola with some 16 South Africans and 200 guerrillas killed; troops withdrawn 6/14.

JUNE 20. Waldheim letter to Foreign Minister Roelof F. Botha assures him of "completely impartial" election in Namibia. Angola and Zambia said to agree to limit of seven bases in DMZ and 20 for Pretoria. In 8/29 reply Pretoria questions UN impartiality when most members consider South West African People's Organization (SWAPO) "legitimate representative."

JUNE 26. Angola says 3,000 South African troops occupying its southern towns killed over 300 civilians. 6/27 UNSC Resolution 475 (1980), 12–0–3(US) condemns invasion, asks immediate troop withdrawal.

JUNE 27. State Department announces Kenya-US access agreement signed.

JULY 1–4. OAU 17th annual summit held in Freetown, Sierra Leone, denounces US base on Diego Garcia, demands it be returned, as integral part of Mauritius.

JULY 13. Botswana President Sir Seretse Khama (elected 1966) dies; National Assembly unanimously elects Vice President and Finance Minister Quett Masire on 7/21 to succeed him.

JULY 17–23. Vice President Walter F. Mondale visits Senegal (July 17–18); Niger (July 19–20); Nigeria (July 20–23), Cape Verde (July 23).

AUG. 22. US-Somalia accord on US access to Berbera facilities in exchange for military aid signed; Somalia also agrees not to intervene in Ogaden.

SEPT. 17. Obote's People's Congress Party takes full control.

SEPT. 19. Pretoria formally hands over Mafeking to Bophuthatswana President, Lucas M. Mangope.

SEPT. 30. US House Appropriations panel approves $20 million arms sale to Somalia contingent on "verified assurance" its troops out of Ogaden.

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OCT. 3. Nigerian President Shehu Shagari visits Carter.

OCT. 20. Somali President Mohammed Siad Barre announces state of emergency, reinstitutes Supreme Revolutionary Council, abolished in 1976; cites tribal dissidence.

OCT. 20–24. South Africa and UN delegation meet in Pretoria on Namibia.

OCT. 23. Two sides in Chad agree to OAU truce calling for demilitarization of Ndjamena.

OCT. 26. Tanzania holds election; President Julius K. Nyerere reelected with 93% of vote.

OCT. 29. Aboud Jumbe became first elected President in 10/25 Zanzibar elections.

NOV. 5. Libyan troops reported controlling 125-mile area in northwest Chad. Qaddafi in surprise visit meets with Goukouni.

NOV. 9. Ivory Coast in first open elections since 1960 independence for National Assembly reelects President Félix Houghouet-Boigny (first elected 11/27/60) for five-year term.

NOV. 14. In three days of voting for 18-seat Namibia National Assembly, Democratic Turnhalle Alliance wins seven seats; National Party 11.

NOV. 15. Guinea-Bissau Prime Minister, Maj. João Bernardo Vieira, ousts President Luis da Almeida Cabral, forms Council of the Revolution, ends Cape Verde unification plans. Provisional cabinet formed 11/22.

NOV. 24. Waldheim report to UNSC announces South African conditional agreement to Mar. cease-fire in Namibia after preliminary talks with SWAPO in Jan.

NOV. 25. Upper Volta President Sangoule Lamizana (took power 1966) ousted by armed forces chief Col. Saye Zarbo, head of Military Committee of Recovery for National Progress.

DEC. 3. France reports stepped up Libyan intervention in Chad; fighting erupts 12/12.

DEC. 13. Obote (ousted in 1971) becomes President when his party wins majority of parliamentary seats; on 12/17 names Foreign Minister Otema Alimadi Premier.

DEC. 16. Over 2,000 Libyan troops take Ndajema after week's fighting.

DEC. 31. Senegal President Leopold Senghor (first named 9/5/60) resigns effective 1/1/81; Prime Minister Abdou Douf sworn in as country's second president 1/1/81.

ZIMBABWE

JAN. 13. Patriotic Front ZAPU leader Joshua Nkomo returns from Zambia.

JAN. 18. Soames announces six-month extension, beyond 1/25, of emergency powers because of continuing violence.

JAN. 25. Patriotic Front ZANU leader Robert Mugabe returns from Maputo.

FEB. 2. UN Security Council (UNSC) Resolution 463 (1980), 14(US)–0–1 calls on all sides to fully implement Lancaster House accord.

FEB. 5. British Governor of Rhodesia Lord Soames assumes special powers, bans violent campaigning.

FEB. 6. British Foreign Secretary Lord Carrington accuses Mugabe of "large-scale" voter intimidation and peace accord violations.

FEB. 10. Under 2/5 emergency powers, Soames bars Mugabe aide Enos Nkala from further campaigning. On 2/14 he bars campaigning by Mugabe group in area 190 miles southeast of Salisbury.

FEB. 14. Rhodesian Front, party of Ian D. Smith, wins six contested white seats out of 20.

FEB. 26. Soames decides to let all parties participate in election.

MAR. 4. Official returns in 2/27–28 national elections give Mugabe 57 seats; Nkomo 20; Abel T. Muzorewa (United African National Council) 3.

MAR. 6. Mugabe asks armed forces head Lt. Gen. Peter Walls to remain. On 3/10, Nkomo is named Minister of Home Affairs.

MAR. 11. Mugabe formally named Premier; appoints 23-member Cabinet, including three posts to Nkomo aides, two to whites.

APR. 11. Rev. Canaan Banana named President.

APR. 14. President Jimmy Carter names Assistant Secretary Robert V. Keeley as Ambassador. US pledges $20 million in economic aid in 1980, $20 million to $30 million in 1981.

APR. 18. Rhodesia becomes independent nation of Zimbabwe; Mugabe formally sworn in as $2 million US medical aid grant is signed.

JULY 5. Mugabe confirms he broke diplomatic relations with South Africa, except for trade.

JULY 17. Walls announces resignation as of 7/31. Nkomo reported to have left on unofficial tour of USSR, East Germany, Cuba.

AUG. 6. Manpower Minister Edgar Z. Tekere and six colleagues charged with 8/4 murder of white farmer Gerald William Adams.

AUG. 21–26. Mugabe pays official visit to US; invites foreign investment; meets with Carter 8/25, stresses need for at least $350 million in next two years.

SEPT. 25. Zimbabwe joins UN.

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North Africa

Jan. 4. Mauritanian Prime Minister Muhammad Khouna Ould Haidalla (named 5/31/79) dismisses President Muhammad Mahmoud Ould Luly (named 6/3/79), in favor of himself, and three other top aides.

Jan. 6. Six-day conference of Libyan General People's Congress ends in Tripoli; relations with al-Fatah wing of Palestine Liberation Organization (PLO) severed.

Jan. 31. Tunisian Army with French help rounds up Libyan guerrillas in 1/26 Gafsa attack that killed 41. State Department says US had been weighing "urgent" help even before incident. French Embassy in Tripoli wrecked 2/4; France recalls envoy 2/25.

Feb. 7. State Department says six US envoys left Tripoli Embassy after 2/4 attacks.

Feb. 21. US Ambassador to UN Donald F. McHenry in Tunisia pledges US support in conflict with Libya.

Feb. 26. Tunisia Premier Hedi Nouira hospitalized, President Habib Bourguiba names Education Minister Muhammed Mzali 3/1 as Acting Premier; named Premier 4/23.

Feb. 27–28. Arab League meets in Tunis, adopts resolution urging Libya and Tunisia to normalize relations.

May 2. US orders ouster of four Libyan envoys by 5/6 for intimidating Libyan expatriates.

May 12. Qaddafi supporters take over Libya embassies and turn them into "people's bureaus"; Britain expels four envoys for harassing exiles.

July 4. Organization of African Unity (OAU) summit meeting in Freetown, Sierra Leone refers Western Sahara issue to committee.

Oct. 10. Double earthquake demolishes most of Al Asnam, Algeria; death toll at 17,000 with 250,000 homeless.

Oct. 30. Nigeria frees former President Ahmed Ben Bella (overthrown 1965).

LATIN AMERICA

Caribbean and Mexico

Jan. 4. Salvadoran leftist February 28 Popular League attacks National Guard headquarters; seizes Panama Embassy 1/11, with Costa Rican and Panama Ambassadors among hostages.

Feb. 23. For second time in two days, US warns Salvador military against coup. Attorney-General Mario Zamora Rivas slain; Junta member Hector Dada Hipezi resigns in protest 3/5.

Feb. 29. State Department statement says Soviet brigade in Cuba has resumed maneuvers.

Mar. 6. Salvador junta seizes farms for redistribution, proclaims 30-day state of seige; nationalizes banks on 3/7.

Mar. 20. Nicaragua junta leader Moises Hassan Morales ends USSR visit after signing political-economic cooperation accords.

Mar. 24. Salvador Archbishop Oscar Arnulfo Romero slain; 30 die during 3/30 funeral.

— The Shah leaves Panama for Egypt.

Mar. 24. Jamaica Finance Minister Eric Bell resigns after government drops IMF loan talks.

Mar. 28. Three high Cabinet ministers leave El Salvador to protest violence.

Mar. 30. Jamaica opens talks with major creditors on refinancing of $186 million debt.

Apr. 4–5. Over 10,000 Cubans jam Peru Embassy in Havana after Castro announces safe conduct for those wishing to emigrate; Peru calls for emergency Andean Pact meeting.

Apr. 14. Carter announces US will admit 3,500 Cubans from Peru Embassy under 1980 Refugee Act; Costa Rica agrees to provide screening area.

Apr. 20. Honduras elects 71-seat constituent assembly; Liberal Party wins 35 seats; Nationalist Party 33 and National Innovation and Coalition Party 3.

Apr. 21. Nicaragua Council of State will increase Sandinist members from one-third to majority. Moderates Violeta Barios de Chamorro and Alfonso Robelo Callejas resign 4/19 and 4/22; moderates Rafael Cordova Rivas and Arturo Cruz named 5/19.

Apr. 21–22. Cuba announces it will allow Cubans in Peru Embassy and relatives of Cuban-Americans to leave for Florida by boat from Mariel Harbor.

Apr. 24. Antigua Prime Minister Vere Bird and his Labor Party returned to office.

May 2. Salvador junta thwarts military coup led by Major Roberta D'Abuisson in second attempt since Feb; fourth Cabinet member resigns. D'Abuisson and seven others arrested 5/7.

May 5. Carter offers "open arms" to refugees.

May 8. Representatives from UN High Commissioner for Refugees (UNHCR), Inter-Governmental Committee on European Migration (ICEM), Organization of American States, and 21 other nations meet in San José, Costa Rica; agree to send team to Havana to discuss

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orderly refugee exodus; pledge $1 million to help exodus. Proposal rejected 5/12.

MAY 12. Marines disperse Salvador right-wing protest at US Ambassador Robert E. White's residence over his reported involvement in domestic affairs.

MAY 13. Salvador junta names Col. Jaime Abdul Gutiérrez head of armed forces to replace Col. Arnaldo Majano, who keeps junta seat.

MAY 14. Carter announces airlift or sealift to oversee orderly exodus if Castro would screen out undesirables. On 5/17 Coast Guard sets up 200-mile patrol zone.

MAY 28. US Coordinator of Refugee Affairs Victor H. Palmieri says UNHCR has agreed to help screen Cuban refugees in response to 5/21 US request.

MAY 31. Special Central American Assistance Act of 1979 (P. L. 96-257) signed.

JUNE 7. Carter orders Justice Department to expel or prosecute "undesirable" Cuban refugees.

JUNE 7–10. House majority leader James C. Wright, Jr. heads delegation to Nicaragua.

JUNE 24–25. Salvador Democratic Revolutionary Front (DRF) of eight leftist groups stages general strike.

JUNE 27. US announces Ambassador to Guatemala Frank V. Ortiz to be replaced after human rights groups accuse him of being too close to President Lucas Garcia.

JULY 18–19. UN Ambassador Donald F. McHenry and Assistant Secretary of State for Inter-American Affairs William Bowdler meet with Castro in Managua on first anniversary of Somoza ouster.

JULY 20. Honduras President Gen. Policarpo Paz Garcia (took power 8/78) hands power to new Constituent Assembly; names cabinet 8/15 with Col. César Elvir (only military member) as Foreign Minister.

JULY 23. Dominica Freedom Party leader Mary Eugenia Charles becomes first female head of state after party won 7/21 elections by landslide.

AUG. 28. Cuban refugees in maximum security area at Fort Indiantown Gap take over barracks; five injured.

SEPT. 2. Guatemala Vice-President Francisco Villagran Kramer resigns over regime's human rights violations. Oscar Mendoza Azurdia elected to succeed him.

SEPT. 11. Cuban UN attaché slain in New York.

SEPT. 15. Soviet Foreign Minister Andrei A. Gromyko arrives in Cuba.

SEPT. 16. Salvador guerrillas attack U.S. Embassy with rockets.

SEPT. 17. Former Nicaragua President Anastasio Somoza Debayle and bodyguard slain in Asuncion, Paraguay.

SEPT. 26. Boat lift officially ends; 125,262 came to US since 4/21.

OCT. 9. Salvador leftists announce they killed South African envoy Gardner Dunn (kidnapped 11/28). Christian Democratic spokesman Melvin Rigoberto Orellana slain 10/10.

OCT. 30. Jamaica Labor Party leader Edward P.G. Seaga defeats Prime Minister Michael Manley (People's National Party). Seaga sworn in 11/1, will be own Finance Minister.

OCT. 31. Honduras leftist group bombs US Embassy annex.

OCT. 31–NOV. 1. Seven eastern Caribbean countries meet in Plymouth, Montserrat, agree to replace West Indies Associated States with Organization of East Caribbean States, effective July 1981.

OCT. 30. Honduras and El Salvador sign treaty in Lima, Peru restoring ties broken July 1969.

NOV. 17. Coffee-growers' head Jorge Salazar slain for plot to oust Nicaragua junta; several businessmen arrested 11/22.

NOV. 28. Six leaders of DRF found slain by rightist group; State Department voices concern 12/1 as gunmen slay a priest. Ambassador White pays respects to slain leaders on 12/2.

DEC. 4. Bodies of four US missionaries found outside San Salvador; US suspends new aid pending clarification of army's role.

DEC. 12. Christian Democrat José Napoleon Duarte named first civilian president in 49 years and head of four-man junta. Gutierrez named Vice-President.

— Nicaragua signs accord with foreign creditor banks to refinance $582 million debt.

DEC. 17. State Department says it will resume economic aid to reorganized Salvador regime.

DEC. 29. Mexico formally terminates 1976 and 1977 fishing accords as of 12/29/81 and 6/29/81.

SOUTH AMERICA

JAN. 2. Council on Hemisphere Affairs calls Argentina worst human rights violator for third year in row; also condemns Chile, Guatemala, Paraguay, Uruguay.

JAN. 16. Andean Pact nations meet in Lima.

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FEB. 12. Colombia leftists free US Peace Corpsman Richard Starr (kidnapped 2/14/77).

FEB. 25. Surinam Prime Minister Henck A.E. Arron overthrown; replaced by nine-man National Military Council 2/26.

FEB. 27. M-19 leftist guerrilla group occupies Dominican Republic's Embassy in Bogota; demand $50 million, release of 300 political prisoners in exchange for 80 hostages, including US Ambassador Diego C. Asencio and 15 other envoys.

MAR. 12. Peru buys two squadrons of Soviet fighter bombers, valued at $140 million, in first major arms purchase in three years.

MAR. 26. Cabinet of Bolivia President Lydia Gueiler Tejada resigns in preparation for 6/29 elections.

— President's Special Representative for Nuclear Affairs Gerard C. Smith in Argentina for talks on nuclear policy, Soviet grain shipments, human rights.

APR. 4. *New York Times* reports aborted Bolivia uprising 3/23 in Santa Cruz led by Gen. Hugo Echeverria after 3/22 slaying of leftist Luis Espinal Camps.

APR. 11. Tom J. Farer unanimously elected first US Chairman of Inter-American Commission on Human Rights; succeeds Luis Tinoco Castro (Costa Rica).

APR. 14. Inter-American Development Bank holds 21st annual meeting in Rio.

APR. 18. Bogota frees nine prisoners; siege ends 4/27 as rebels fly to Cuba with $2.5 million from "private sources."

MAY 5. Andean Pact and European Economic Community meet at ministerial level in Brussels.

MAY 15–17. Brazilian President João Baptista de Oliveira Figueiredo visits Argentine President Jorge Rafael Videla; they sign economic and nuclear cooperation accords.

MAY 18. Fernando Belaúnde Terry (Popular Action Party) receives 45% of vote, defeating 11 other candidates, in first Peruvian elections since 1963. Rosalyn Carter attends 7/28 swearing in.

JUNE 10. Bolivian Congress rejects army call to postpone 6/29 elections.

JUNE 17–18. Bolivia Socialist Falangists ransack US consulate and cultural center in Santa Cruz.

JUNE 29. In Bolivia, Hernan Siles Zuazo (Popular Democratic Party) wins 38.7% of vote; Victor Paz Estenssoro (National Revolutionary Movement) 20.1%; Gen. Hugo Banzer Suárez (Democratic Nationlist Alliance) 16.8%.

JUNE 30–JULY 11. Pope John Paul II visits Brazil.

JULY 17. In fourth military coup in 26 months, Bolivian armed forces, led by Gen. Luis Garcia Meza, oust Gueiler. Garcia sworn in as President 7/18 at head of three-man Government of National Reconstruction. US recalls Ambassador Marvin Weissman, suspends military aid, stops new economic aid.

JULY 24–25. Permanent Council of the Organization of American States (OAS) meets in Washington, adopts Resolution 308 (432/80), 16-3-4, deploring Bolivia coup, asking Inter-American Commission on Human Rights to look into violations of same.

JULY 25. Secretary of State Edmund S. Muskie announces pullout of US military advisers from Bolivia, cancels all economic aid (except humanitarian).

JULY 30. Andean Pact condemns Bolivian takeover.

AUG. 6. Videla denies active Argentine participation.

AUG. 12. Foreign Ministers of 11 countries sign accord in Montevideo to establish Latin American Integration Association (ALADI) to replace Latin American Free Trade Association (LAFTA), founded in 1961.

AUG. 13. Surinam President Dr. Johan Ferrier ousted by Prime Minister Chin-a-Sen; Lt. Ivan Graanogst replaces Sgt. Chas Mijnals 8/18 as Chairman of the Council.

SEPT. 3. Bolivia announces withdrawal from Andean Pact over intervention in Bolivian affairs.

SEPT. 11. In Chilean plebiscite 67% of voters back Pinochet presidency until 1989; Cabinet resigns 12/26 at Pinochet request.

SEPT. 15. US Court of Appeals upsets conviction of three in Letelier slaying.

SEPT. 28. In first Panama election with all parties participating since 1968, Democratic Revolutionary Party wins 10 of 19 Executive Council seats and Liberal Party the rest.

OCT. 3. Argentine junta ends three-day impasse, chooses army head Roberto Eduardo Viola to succeed Videla 3/81.

OCT. 6. Guyana Premier Forbes Burnham assumes wide powers under new constitution.

OCT. 8. Brazil frees its last political prisoner.

OCT. 25. Ecuador reported to have seized five US tuna boats within 200-mile zone; State Department discloses it imposed tuna import embargo on 10/31.

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Nov. 19–27. Tenth OAS General Assembly meets in Washington; accepts compromise Venezuelan resolution 1/27 on human rights violations.

Nov. 30. Uruguayans in first vote in seven years overwhelmingly reject new constitution that would give military (first took over 1973) permanent control.

Dec. 17. Burnham (Socialist Party) declared winner in 1/15 general election in Guyana with 76% of vote. Observers charge wide fraud.

Dec. 24. Argentina lifts order detaining former President Isabel Martínez de Perón (ousted 3/24/76).

Dec. 26. Argentina rejects 12/12 papal plan for settling Beagle Islands dispute.

OTHER GLOBAL DEVELOPMENTS

Jan. 4. The 34th UN General Assembly's Regular Session resumes on deadlocked UN Security Council seat; ends 1/7 with election of Mexico on 155 ballot, 133-3-8, after Cuba and Colombia withdraw.

Feb. 13. President Jimmy Carter announces end to 27-month US boycott of International Labour Organization (ILO). US formally returns 2/18.

Mar. 3–Apr. 4, July 28–Aug. 29. Third UN Conference on the Law of the Sea holds ninth session in New York and Geneva.

May 5–23. World Health Assembly holds 33rd session in Geneva; marks smallpox eradication.

July 14–31. Second conference on UN Decade for Women held in Copenhagen.

Aug. 25–Sept. 15. UNGA holds Eleventh Special Session on Development.

Sept. 16–Dec. 17. UNGA holds 35th Regular Session, elects Rüdiger won Wechmar (West Germany) as President welcomes Saint Vincent and the Grenadines as its 154th member.

Sept. 23–Oct. 28. UN Educational, Social and Cultural Organization (UNESCO) holds 21st General Conference in Belgrade; unamiously reelects Amadou-Mahtar M'Bou (Senegal; elected 1974) for seven-year term, postpones adoption of "new international information order" until 1983.

Nov. 13. UNGA, 111-24-5, elects Panama on 23rd ballot to fill Jamaica's UNSC seat after Cuba and Costa Rica withdraw.

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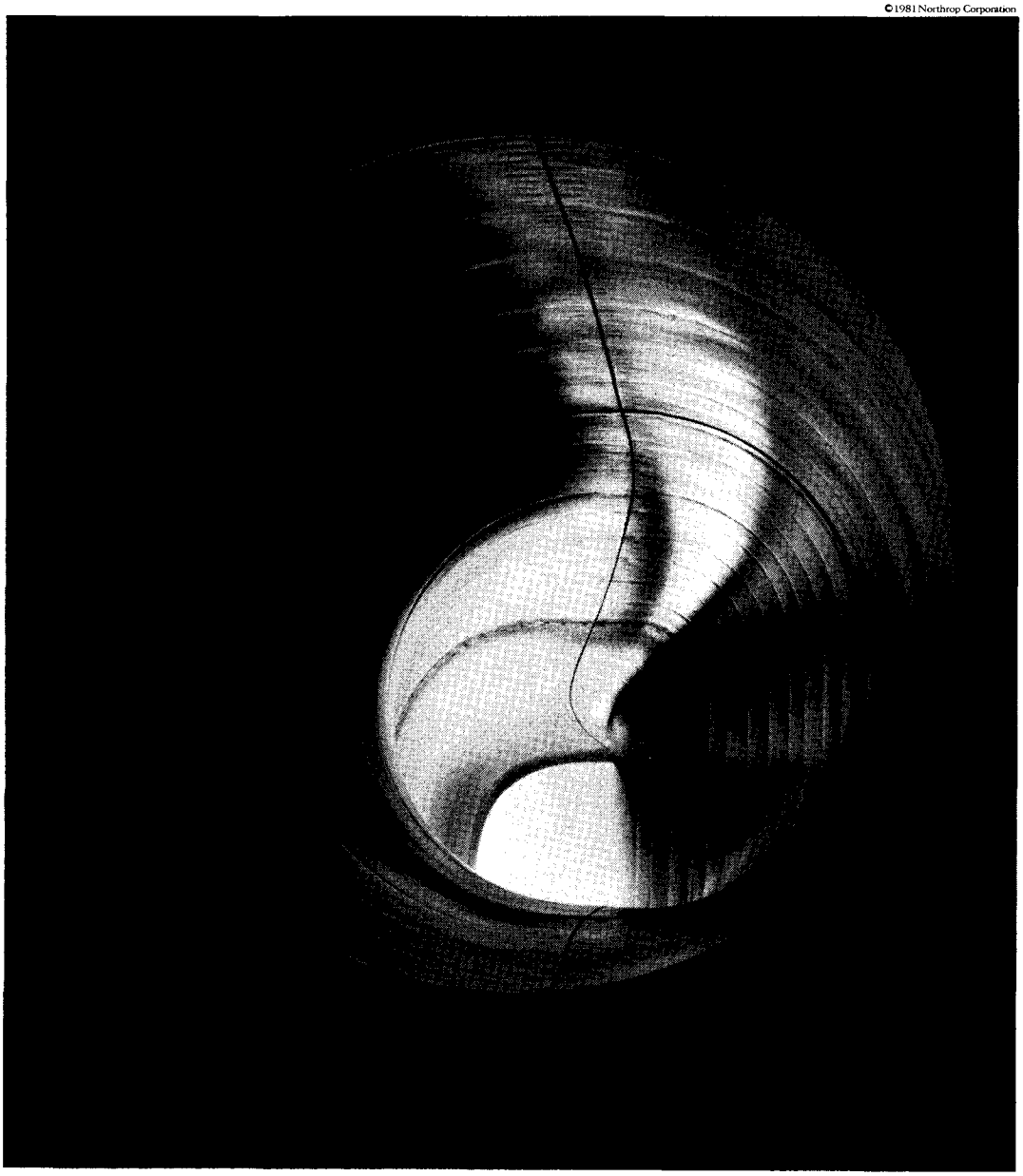

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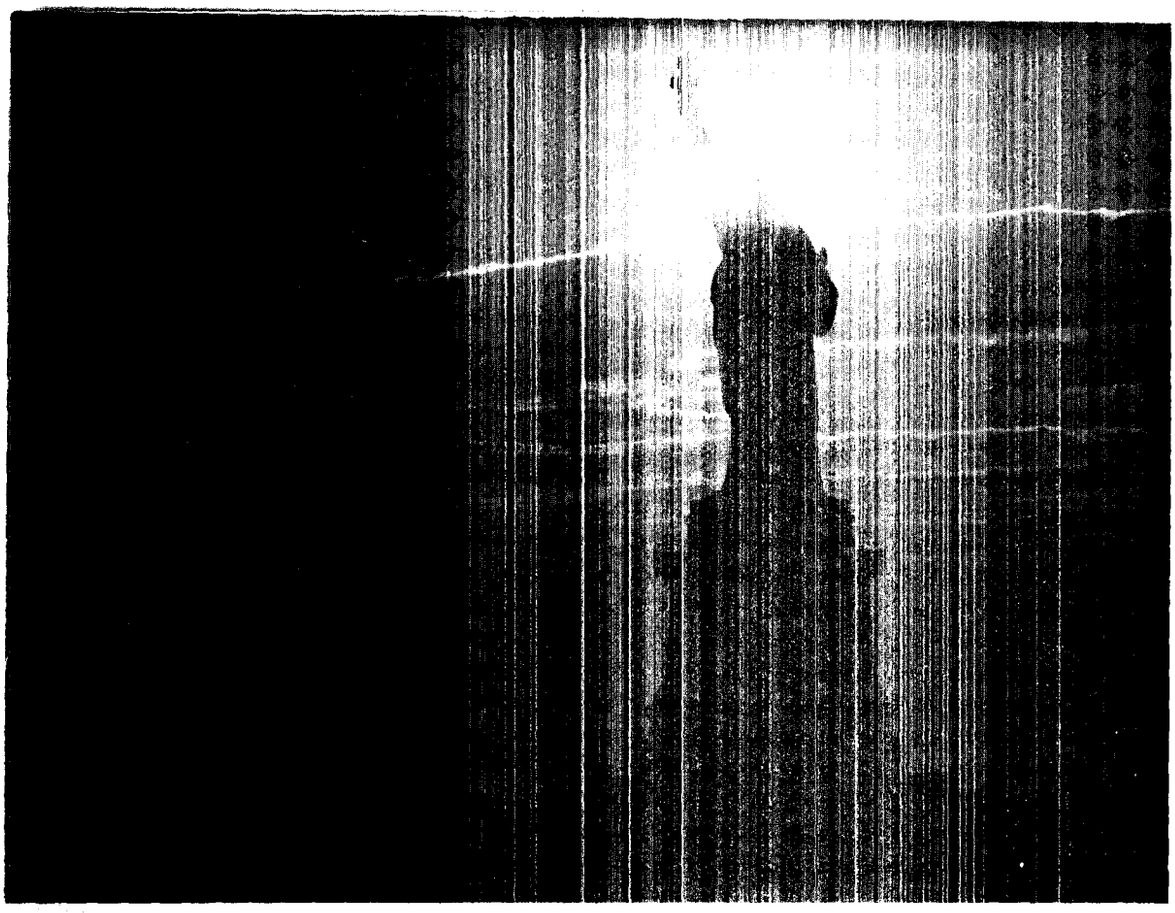

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